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101ST CONGRESS
2d Session

SENATE

REPORT
101-519

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATION BILL, 1991

OCTOBER 10 (legislative day, OCTOBER 2), 1990.—Ordered to be printed

Mr. LEAHY, from the Committee on Appropriations, submitted the following

REPORT

[To accompany H.R. 5114]

The Committee on Appropriations to which was referred the bill (H.R. 5114), making appropriations for Foreign Assistance and related programs for the fiscal year ending September 30, 1991, and for other purposes, reports the same to the Senate with various amendments and presents herewith an explanation of the contents of the bill.

Amounts in new budget authority

Fiscal year 1990 appropriations	$15,523,490,180
Fiscal year 1991 budget estimate	15,518,826,537
Amount of bill as passed by House	15,637,093,273
Amount of bill as reported to Senate	15,533,040,543
Bill as recommended to Senate compared to:	
1990 appropriations	−3,327,637
Budget estimate	+14,214,006
House reported bill	−104,052,730

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SUMMARY TABLE: AMOUNTS IN NEW BUDGET AUTHORITY

Item	Budget estimate	House reported bill	Recommended by Senate Committee	Increase (+) or decrease (−), Senate bill compared with	
				Budget estimate	House reported bill
Economic assistance—Multilateral	$2,041,891,137	$1,954,640,473	$2,042,494,487	$603,350	$87,854,014
Economic assistance—Bilateral	7,259,674,400	7,733,757,000	7,157,582,000	(102,092,400)	(576,175,000)
Military assistance	5,687,261,000	5,301,977,800	5,404,325,056	(282,935,944)	102,347,256
Export assistance	530,000,000	785,000,000	785,000,000	255,000,000	.....
General provisions	.....	(138,282,000)	143,639,000	143,639,000	281,921,000
Total, fiscal year 1991	15,518,826,537	15,637,093,273	15,533,040,543	(14,214,006)	(104,052,730)

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SUMMARY OF TOTAL BUDGET AUTHORITY IN THE BILL

The Committee recommends a net total of $15,063,427,393 in new budget authority, divided into the following categories:

Multilateral economic assistance	$2,042,494,487
Bilateral economic assistance	7,157,582,000
Military assistance	5,404,325,056
Export-import assistance	785,000,000

The Committee recommendations represent a $14,214,006 increase over the President's fiscal year 1991 request. The Committee recommendations for titles I, II, and III of the bill are $384,424,994 below the request. The Committee recommendation for economic support funds provides for a reduction of $464,000,000.

The Committee recommendation for all the military assistance programs provides for a reduction of $282,935,944. The Committee has provided $1,747,764,487 for the international financial institutions, which is $69,126,650 below the requested amount. Funding for export assistance is $255,000,000 above the amount requested.

NEW DIRECTIONS IN U.S. FOREIGN ASSISTANCE

Since the Committee presented its last foreign assistance bill to the Senate, the world has undergone dramatic changes amounting to a revolution in international affairs. The virtual demise of communism throughout most of Eastern Europe, the stunning collapse of the Warsaw Pact as a military threat, and profound economic and political change throughout the region have produced an abrupt end to the cold war. Europe is rapidly moving toward a new and potentially more cooperative and constructive order.

The rapid decline of the Soviet military threat poses far-reaching questions about the nature and purposes of much of the United States foreign assistance program, which was predicated largely on widely shared goals of containing communism and blocking the Soviet military threat in the cold war. At the same time, Iraqi aggression in the Persian Gulf reminds us that military threats to the security of the United States and its allies and friends remain real and present.

What is needed is a new national consensus about why, how, and for what purposes this country gives foreign aid. The President and Congress must develop new rationales for a $15,000,000,000 foreign aid program, over one-half of which presently is dedicated to security assistance, in a world so radically different from the era when this program was put together. U.S. foreign assistance must be more relevant to the diverse challenges of the 1990's and beyond:

—Environmental degradation on a global scale;

—A population and AIDS crisis that threatens to overwhelm all economic gains in the developing world;

—Seemingly ineradicable poverty and inequities which undermine political stability and impede progress toward democracy and fundamental human rights;
—A race to accumulate more and more powerful armaments by Third World countries that cannot even feed their people, and whose governments are often the antithesis of democratic;
—Continuing regional conflicts potentially posing dangers to vital American security and foreign policy interests; and
—Intense economic competition among the advanced industrialized nations, in which the United States appears to be lagging.

A searching review of all facets of the U.S. foreign assistance program needs to be undertaken on an urgent basis. In its report on the fiscal year 1990 bill, the Committee presaged these drastic changes and urged the administration to convene a high level interagency task force to prepare, in close consultation with Congress, a comprehensive plan of action for the future. Unfortunately, the administration ignored the Committee's analysis and recommendation. The Committee welcomes statements by Secretary of State James Baker to its Foreign Operations Subcommittee that the fiscal year 1991 foreign aid program is the last of the old style requests Congress will receive from the administration. The Committee anticipates that the foreign assistance request for fiscal year 1992 will be much more reflective of the new world into which we are entering.

HISTORICAL TOTALS OF FOREIGN ASSISTANCE

As in the past, the Committee is including in its report several tables and graphs, updated with the latest available data, which illustrate certain trends in U.S. foreign assistance.

TABLE 1—FOREIGN AID EXPENDITURES BY DEVELOPED COUNTRIES

The following table shows the amounts expended by developed countries on foreign aid in 1988 and what percent of their GNP that amount represents:

DEFENSE EXPENDITURES AND DEVELOPMENT ASSISTANCE

[Dollars in millions]

Country	Defense expenditures [1] (1988)		Net official development assistance [2] (1988)		
	Amount	Percent of GNP	Amount	Percent of GNP	Aid capita per donor
Australia	$6,170	2.7	$1,101	0.46	$66.57
Austria	1,426	1.2	301	.24	39.63
Belgium	4,097	2.7	618	.41	62.52
Canada	10,023	2.1	2,347	.50	90.44
Denmark	2,320	2.2	922	.89	179.37
Finland	1,701	1.7	608	.59	122.92
France	35,946	3.9	6,865	.72	122.87
Germany, Federal Republic of	35,097	2.9	4,731	.39	77.08
Greece	3,378	6.5	NA	NA	NA
Ireland	462	1.6	57	.20	16.11
Italy	20,428	2.6	3,193	.39	55.58
Japan	28,874	1.0	9,134	.32	74.49
Luxembourg	86	1.0	NA	NA	NA
Netherlands	6,729	3.0	2,231	.98	151.10

DEFENSE EXPENDITURES AND DEVELOPMENT ASSISTANCE—Continued

[Dollars in millions]

Country	Defense expenditures [1] (1988)		Net official development assistance [2] (1988)		
	Amount	Percent of GNP	Amount	Percent of GNP	Aid capita per donor
New Zealand	889	2.2	104	.27	31.26
Norway	2,895	3.2	985	1.10	233.91
Portugal	1,347	3.3	NA	NA	NA
Spain	7,171	2.2	NA	NA	NA
Sweden	4,975	2.8	1,534	.86	181.79
Switzerland	3,888	2.1	617	.32	92.65
United Kingdom	34,678	4.3	2,645	.32	46.33
United States	307,652	6.3	10,141	.21	41.16

[1] U.S. Arms Control and Disarmament Agency—forthcoming publication.
[2] OECD.

NA—Not available.

TABLE 2—U.S. FOREIGN ASSISTANCE, FISCAL YEARS 1946–90

The following tables illustrate the total amount of foreign assistance furnished to other nations by the United States during the fiscal years 1946–90 and amounts by region and country for 1946–89:

U.S. FOREIGN ASSISTANCE, FISCAL YEARS 1946–90

[In millions of dollars]

	Economic assistance	Military assistance	Total
Total economic and military assistance, fiscal years 1946–89	222,384	136,002	358,386
Total other U.S. loans and grants, fiscal years 1946–89	56,149	.....	56,149
Economic and military assistance, fiscal year 1990	9,228	5,238	14,466
Grand total	287,761	141,240	429,001

U.S. ECONOMIC AND MILITARY ASSISTANCE DETAIL BY REGION AND BY COUNTRY—FISCAL YEARS 1946–89

[In millions of dollars]

Country	Economic assistance	Military assistance	Total
Near East and South Asia:			
Afghanistan	637.2	5.6	642.8
Bahrain	2.4	.....	2.4
Bangladesh	2,614.9	2.9	2,617.8
Bhutan	6.2	.....	6.2
Cyprus	282.2	.....	282.2
Egypt	15,847.7	13,406.3	29,254.0
Greece	1,901.7	6,846.3	8,748.3
India	11,390.2	148.1	11,538.3
Iran	767.0	1,404.9	2,171.9
Iraq	45.5	50.0	95.5
Israel	16,225.7	27,635.1	43,860.8
Jordan	1,814.7	1,524.3	3,339.0
Lebanon	361.3	277.1	638.4
Maldive Islands	2.7	.1	2.8
Nepal	426.5	3.5	430.0

U.S. ECONOMIC AND MILITARY ASSISTANCE DETAIL BY REGION AND BY COUNTRY—FISCAL YEARS 1946–89—Continued

[In millions of dollars]

Country	Economic assistance	Military assistance	Total
Oman	136.3	168.0	304.3
Pakistan	7,393.0	2,721.6	10,114.6
Saudi Arabia	31.8	292.3	324.1
Sinai support mission			
Sri Lanka	1,094.4	7.0	1,101.4
Syria	353.0	.1	353.1
Turkey	4,387.1	10,508.0	14,895.1
Yemen, Arab Republic	419.3	28.7	448.0
Yemen, Peoples Democratic Republic of	4.5		4.5
Central Treaty Organization (CENTO)	39.6		39.6
Gaza	3.8		3.8
Near East and South Asia regional	659.1	.1	659.2
Regional total	66,847.9	65,030.3	131,878.2
Latin America:			
Argentina	181.6	263.8	445.4
Bahamas	.3	.2	.5
Barbados	4.0	.5	4.5
Belize	107.0	3.3	110.3
Bolivia	1,194.8	96.9	1,291.7
Brazil	2,203.0	640.1	2,843.1
Chile	1,191.5	217.0	1,408.5
Colombia	1,403.0	300.3	1,703.3
Costa Rica	1,499.7	38.9	1,538.6
Cuba	4.0	16.1	20.1
Dominican Republic	1,348.6	88.7	1,437.3
Ecuador	721.1	173.2	894.3
El Salvador	2,849.6	950.6	3,800.2
Grenada	60.1	.2	60.3
Guatemala	1,205.4	71.6	1,277.0
Guyana	133.2	5.6	138.8
Haiti	726.0	12.9	738.9
Honduras	1,432.2	470.6	1,902.8
Jamaica	1,207.9	38.0	1,245.9
Mexico	491.1	16.5	507.6
Nicaragua	384.1	29.7	413.8
Panama	553.7	62.4	616.1
Paraguay	212.5	30.8	243.3
Peru	1,392.7	295.9	1,688.6
Suriname	6.4	.2	6.6
Trinidad and Tobago	43.1	.4	43.5
Uruguay	165.7	91.1	256.8
Venezuela	203.6	153.0	356.6
Caribbean regional	602.7	32.6	653.3
Regional Office Central America and Panama—ROCAP	686.5		686.5
Central American regional			
Latin America regional	1,112.7	14.4	1,127.1
Regional total	23,346.0	4,115.5	27,461.5
East Asia:			
Burma	232.1	90.5	322.6
China, Peoples Republic of	2.3		2.3
Hong Kong	43.8		43.8
Indochina Associated States	825.6	731.5	1,557.1
Indonesia	3,598.1	661.6	4,259.7
Japan	2,685.9	1,239.6	3,925.5
Kampuchea	918.4	1,280.3	2,198.7
Korea, Republic of	6,072.1	8,793.0	14,865.1

U.S. ECONOMIC AND MILITARY ASSISTANCE DETAIL BY REGION AND BY COUNTRY—FISCAL YEARS 1946–89—Continued

[In millions of dollars]

Country	Economic assistance	Military assistance	Total
Laos	907.4	1,606.7	2,514.1
Malaysia	92.0	195.6	287.6
Philippines	3,786.0	1,870.3	5,656.3
Ryukyu Islands (U.S.)	413.8	.....	413.8
Singapore	2.8	19.5	22.3
Thailand	1,043.9	2,309.5	3,353.4
Vietnam (South), Republic of	6,946.0	16,416.1	23,362.1
Western Samoa	19.4	.....	19.4
Taiwan	2,214.2	4,360.4	6,574.6
Asia regional	767.0	.....	767.0
Regional total	30,571.1	39,574.6	70,145.7
Africa:			
Algeria	203.6	.4	204.0
Angola	36.1	.....	36.1
Benin (Dahomey)	79.2	.5	79.7
Botswana	288.3	31.6	319.9
Burkina Faso	302.1	.9	303.0
Burundi	76.3	.9	77.2
Cameroon	306.0	28.6	334.6
Cape Verde	84.8	.3	85.1
Central African Republic	49.8	1.4	51.2
Chad	198.8	30.6	229.4
Comoros	9.5	.1	9.6
Congo, Republic of	25.3	.2	25.5
Cote d'Ivoire	62.1	1.2	63.3
Djibouti, Democratic Republic of	38.7	11.6	50.3
Entente States	41.7	.....	41.7
Equatorial Guinea, Republic of	12.1	1.5	13.6
Ethiopia	663.9	262.7	926.6
Gabon	28.1	21.7	49.8
Gambia, Republic of	94.6	.3	94.9
Ghana	555.2	3.4	558.6
Guinea	297.3	9.3	306.6
Guinea-Bissau	47.6	.2	47.8
Kenya	843.0	270.7	1,113.7
Lesotho	271.7	.2	271.9
Liberia	783.6	94.6	878.2
Libya	212.5	17.6	230.1
Madagascar	159.9	4.4	164.3
Malawi	258.2	5.6	263.8
Mali	375.5	4.5	380.0
Mauritania	167.0	.6	167.6
Mauritius	77.1	.1	77.2
Morocco	1,777.9	1,037.6	2,815.5
Mozambique	324.1	.....	324.1
Niger	391.0	26.7	417.7
Nigeria	480.8	2.2	483.0
Redso/ea			
Redso/wa			
Rwanda	132.3	2.1	134.4
Sao Tome and Principe	7.6	.2	7.8
Senegal	540.5	36.7	577.2
Seychelles	26.7	.2	26.9
Sierra Leone	179.1	.4	179.5
Somalia	722.3	240.0	962.3
South Africa, Republic of—OSARAC	162.4	.....	162.4
Sudan	1,434.5	375.1	1,809.6
Swaziland	139.7	.3	140.0

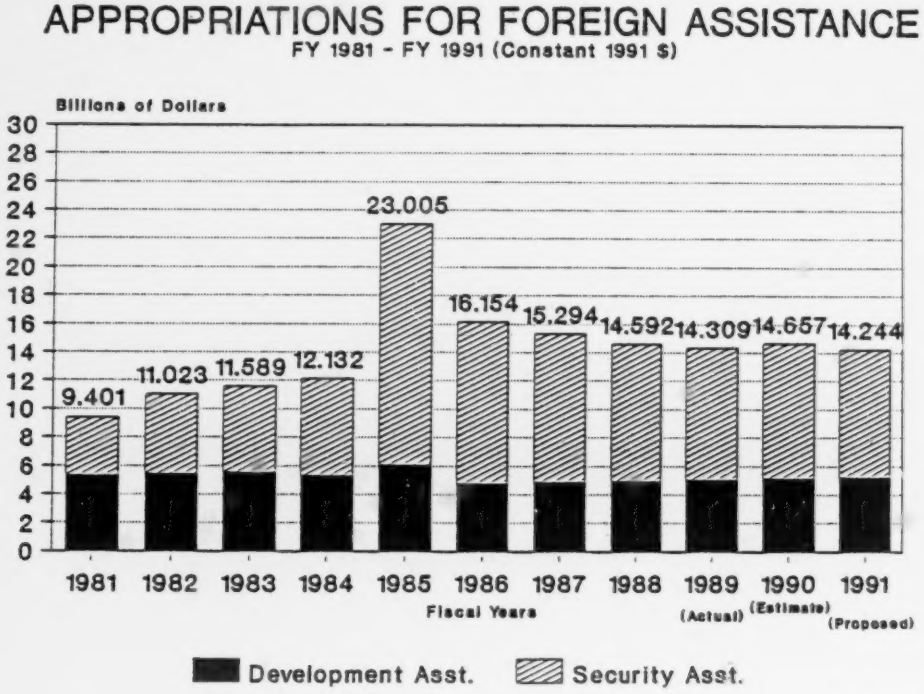
U.S. ECONOMIC AND MILITARY ASSISTANCE DETAIL BY REGION AND BY COUNTRY—FISCAL YEARS 1946–89—Continued

[In millions of dollars]

Country	Economic assistance	Military assistance	Total
Tanzania	494.4	.1	494.5
Togo	139.4	.6	140.0
Tunisia	1,170.5	727.7	1,898.2
Uganda	176.2	.6	176.8
Zaire	1,169.9	382.9	1,552.8
Zambia	472.2	.....	472.2
Zimbabwe	355.4	1.3	356.7
Sahel regional	260.6	.....	260.6
East Africa (regional Dev. Office)	33.3	.....	33.3
South Africa, Republic of	91.3	.....	91.3
Africa regional	1,015.1	13.7	1,028.8
Regional total	18,346.3	3,653.9	22,000.2
Europe:			
Albania	20.4	.....	20.4
Austria	1,135.2	122.0	1,257.2
Belgium	589.1	1,275.3	1,864.4
Czecho-Slovakia	193.0	.....	193.0
Denmark	276.5	640.1	916.6
Finland	51.2	.7	51.9
France	3,917.0	4,548.6	8,465.6
Germany, Democratic Republic of	.8	.....	.8
Germany, Federal Republic of	3,843.4	939.4	4,782.8
Hungary	33.0	.....	33.0
Iceland	76.9	.2	77.1
Italy	3,420.8	2,545.3	5,966.1
Malta	83.9	.6	84.5
Netherlands	1,027.6	1,284.7	2,312.3
Norway	299.9	943.8	1,243.7
Poland	757.7	.....	757.7
Portugal	1,245.5	1,334.9	2,580.4
Republic of Ireland (formerly Ireland)	247.6	.....	247.6
Romania	22.4	.....	22.4
Spain	1,083.5	3,441.9	4,525.4
Sweden	109.0	.....	109.0
Switzerland			
United Kingdom	7,672.1	1,107.4	8,779.5
U.S.S.R.	186.4	.....	186.4
West Berlin	131.9	.....	131.9
Yugoslavia	1,733.8	723.5	2,457.3
European regional	618.3	.....	618.3
Regional total	28,776.9	18,908.4	47,685.3
Oceania:			
Australia	8.0	115.6	123.6
New Zealand	4.3	4.3	8.6
Pacific Islands, Trust Territory of the	824.2	.....	824.2
Papua New Guinea	8.9	.4	9.3
Oceania regional	158.3	1.5	159.8
Regional total	1,003.6	121.7	1,125.3
Canada	17.5	13.0	30.5
Interregional activities	53,474.7	4,584.6	58,059.3
Grand total	222,383.9	136,002.1	358,386.0

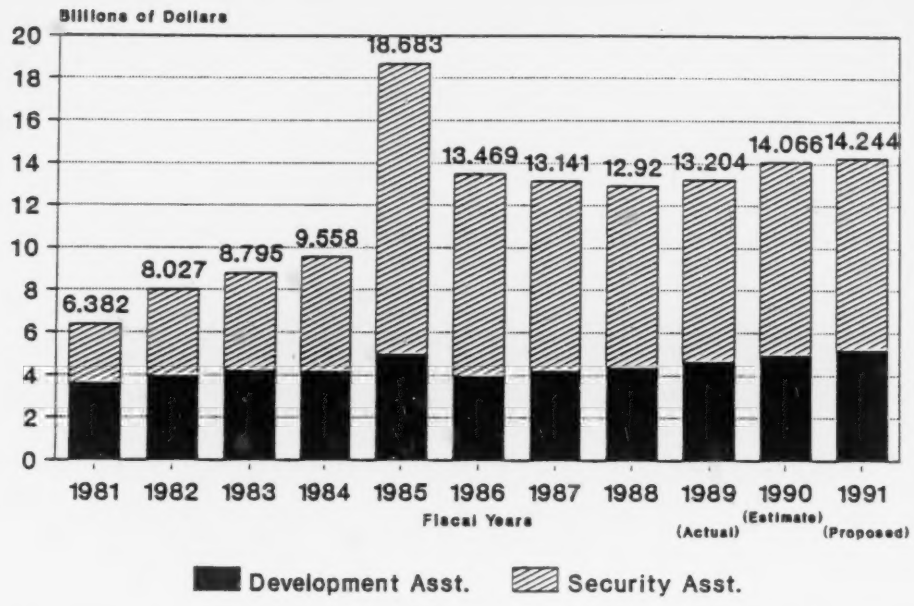
TABLE 3—APPROPRIATIONS FOR BILATERAL FOREIGN ASSISTANCE

The following graphs show the amounts appropriated for bilateral development and security assistance for 1981–91 in constant and current dollars:



APPROPRIATIONS FOR FOREIGN ASSISTANCE

FY 1981 - FY 1991 (Current Dollars)



NOTES.—Security assistance consists of military assistance program grants, international military education and training, foreign military credit sales, security supporting assistance, economic support fund, peacekeeping operations, Middle East special requirements fund, antiterrorism assistance, guaranty reserve fund, and Central American reconciliation assistance.

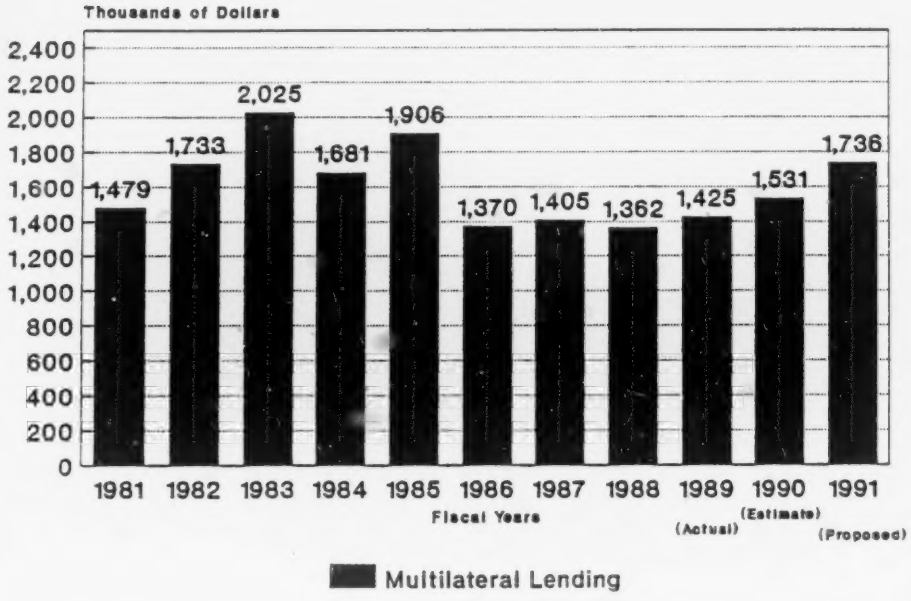
Development assistance consists of functional development assistance, Sahel development program, the development fund for Africa, international organizations and programs, international financial institutions, American schools and hospitals abroad, international disaster assistance, migration and refugee assistance, Peace Corps, Foreign Service retirement and disability fund, international narcotics control, AID operating expenses, and other assistance programs.

TABLE 4—APPROPRIATIONS FOR MULTILATERAL LENDING

The following graphs show the amounts appropriated for multilateral assistance for 1981-91 in constant and current dollars:

APPROPRIATIONS FOR MULTILATERAL LENDING

FY 1981 - FY 1991 (Constant 1991 $)



APPROPRIATIONS FOR MULTILATERAL LENDING

FY 1981 - FY 1991 (Current Dollars)

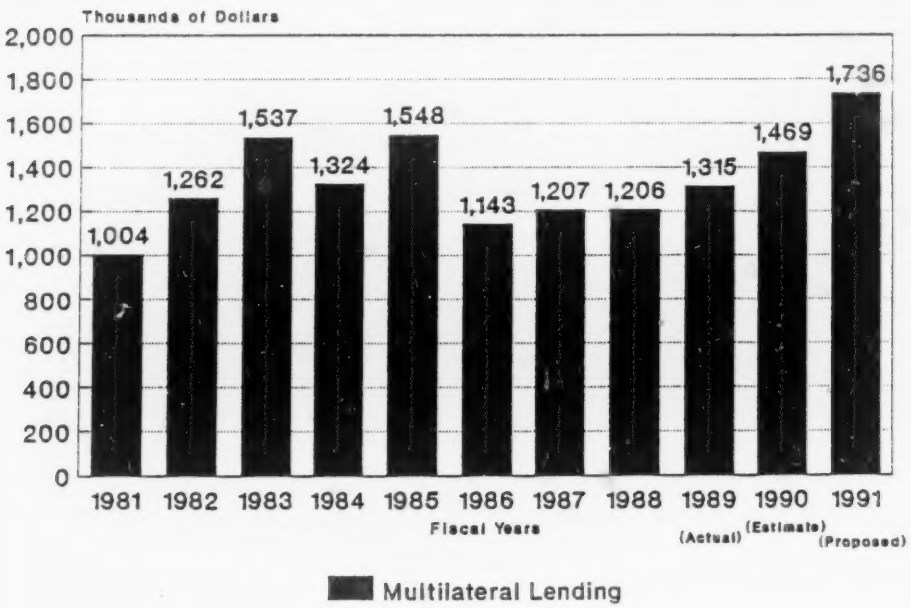


TABLE 5—NATIONS MOST IN NEED OF ASSISTANCE

The following table lists the total dollar economic assistance per country by ascending per capita gross national product:

AGENCY FOR INTERNATIONAL DEVELOPMENT, TOTAL DOLLAR ASSISTANCE PER COUNTRY LISTED BY PER CAPITA GROSS NATIONAL PRODUCT

[Dollars in thousands]

Country	GNP per capita (1988)	Fiscal year 1989		Fiscal year 1990		Fiscal year 1991	
		Dollar level	Cumulative percent	Dollar level	Cumulative percent	Dollar level	Cumulative percent
Mozambique	100	18,622		20,000		22,000	
Chad	160	15,400		6,000		12,000	
Malawi	160	19,895		20,000		20,000	
Guinea-Bissau	160	2,080		2,000		4,000	
Tanzania	160	5,440		10,810		14,000	
Zaire	170	32,513		33,000		33,000	
Bangladesh	170	71,753		52,500		56,100	
Nepal	170	15,339		12,393		13,000	
Somalia	170	12,261		740		3,000	
Madagascar	180	14,523		19,000		19,000	
Gambia	220	3,100		5,000		6,000	
Burkina	230	3,140		3,000		3,000	
Mali	230	22,080		19,000		18,000	
Burundi	230	1,231		6,000		7,500	
Sierra Leone	240	540		500		500	
Uganda	280	13,631		18,000		20,000	
Sao Tome	280	300		300		300	
Nigeria	290	46,000		11,500		17,000	
Zambia	290	6,100		5,000		5,000	
Niger	310	19,855		18,000		18,000	
Rwanda	310	7,675		8,000		9,000	
India	330	44,424		22,473		22,000	
Sudan	340	4					
Benin	340					1,000	
Pakistan	350	265,000		272,011		256,000	
Equatorial Guinea	330	825		1,000		1,000	
Guinea	350	12,605		15,000		15,000	
Kenya	360	54,714		30,000		33,000	
Haiti	360	27,980		27,301		39,471	
Togo	370	2,740		4,000		4,000	
Central African Republic	390	590		2,000		2,000	
Ghana	400	9,152		15,000		16,000	
Subtotal		749,512	17.05	659,528	13,80	689,871	15.39
Guyana	410			996		2,000	
Lesotho	410	9,660		8,000		7,000	
Sri Lanka	420	28,005		18,000		11,250	
Indonesia	430	47,798		44,991		43,500	
Comoros	440	700		700		700	
Liberia	450	20,240				6,000	
Mauritania	480	210		590		590	
Cape Verde	500	1,765		3,000		3,000	
Afghanistan	500	68,000		69,479		70,000	
Cambodian Resistance	—500	5,000		5,078		7,000	
Bolivia	570	36,361		54,513		54,341	
Senegal	630	45,169		37,000		24,000	
Philippines	630	344,665		298,247		415,000	
Yemen	650	23,300		21,000		20,500	
Egypt	650	815,000		926,495		815,000	
Zimbabwe	660	5,000		5,000		5,000	
Dominican Republic	680	20,128		14,512		23,335	
Cote d'Ivoire	740	70		500		500	

AGENCY FOR INTERNATIONAL DEVELOPMENT, TOTAL DOLLAR ASSISTANCE PER COUNTRY LISTED BY PER CAPITA GROSS NATIONAL PRODUCT—Continued

[Dollars in thousands]

Country	GNP per capita (1988)	Fiscal year 1989		Fiscal year 1990		Fiscal year 1991	
		Dollar level	Cumulative percent	Dollar level	Cumulative percent	Dollar level	Cumulative percent
Morocco	750	33,550		31,414		24,500	
Swaziland	790	6,939		6,000		6,000	
Subtotal		1,511,560	34.38	1,545,515	32.34	1,539,216	34.34
Nicaragua	830	5,000				200,000	
Honduras	850	52,716		164,387		116,933	
Guatemala	880	113,853		86,553		94,295	
Congo	930	500		500		1,000	
El Salvador	950	253,175		203,173		244,118	
Thailand	1,000	19,921		12,539		15,000	
Cameroon	1,010	31,234		20,000		20,000	
Botswana	1,050	8,452		7,000		7,000	
Jamaica	1,080	76,620		18,989		32,642	
Ecuador	1,080	26,201		14,091		23,752	
Tunisia	1,230	11,412		12,446		10,900	
Colombia	1,240	2,867		2,133			
Turkey	1,280	60,000		14,264		50,000	
Belize	1,460	7,600		6,457		7,320	
Peru	1,470	19,725		15,289		14,975	
Lebanon	500–1,499	2,796		7,444		1,000	
Namibia	500–1,499			500		7,800	
Djibouti	500–1,499	3,044		1,905		4,000	
Jordan	1,500	15,000		34,850		35,000	
Fiji	1,540					300	
Costa Rica	1,760	99,884		75,394		49,705	
Subtotal		810,000	18.43	697,914	14.61	935,740	20.88
Mauritius	1,810	1,500		1,500		1,500	
Poland	1,850	3,000					
Panama	2,240			530,125			
South Africa	2,290	32,450		31,557		38,000	
Portugal	3,670	50,000		40,002		45,000	
Seychelles	3,800	3,000		1,991		3,300	
Oman	5,070	15,000		12,546		15,000	
Cyprus	6,260	20,000		14,936		3,000	
Ireland	7,480			29,769			
Israel	8,650	1,200,000		1,194,840		1,200,000	
U.S.S.R. (earthquake)	NA			4,979			
West Bank/Gaza	NA			13,065		11,800	
Subtotal		1,324,950	30.14	1,875,310	39.25	1,317,600	29.39
Country program total		4,396,022	100.00	4,778,267	100.00	4,482,427	100.00
Noncountry programs		1,513,248		1,803,131		2,005,092	
Grand total		5,909,270		6,581,398		6,487, 519	

NOTES

GNP per capita data from the World Bank.

Dollar levels include functional development assistance program, the development fund for Africa, economic support fund, and special assistance initiatives.

Noncountry programs include regional programs, centrally funded programs, operating expenses for AID and the inspector general, disaster assistance, American schools and hospitals abroad, HIG borrowing authority, miscellaneous trust funds, deob/reob estimates.

TABLE 6—UNLIQUIDATED BALANCES OF THE AGENCY FOR INTERNATIONAL DEVELOPMENT

Below is a table showing the unliquidated balances of the Agency for International Development:

UNLIQUIDATED BALANCES OF THE AGENCY FOR INTERNATIONAL DEVELOPMENT

(As of March 31, 1990)

[In thousands of dollars]

Development assistance:	
Functional development assistance:	
Agriculture, rural development, and nutrition	1,576,887
Population planning	394,304
Health	339,408
AIDS prevention and control	20,056
Child survival	157,397
Education and human resources development	279,689
Selected development activities	380,355
Undistributed	(417,767)
Subtotal, functional development assistance	2,730,329
American schools and hospitals abroad	30,005
Operating expenses	168,979
Operating expenses, inspector general	14,644
Prototype desalting plant	37
International disaster assistance	65,409
Sahel development program	80,996
Sub-Saharan and South African development	902,029
Central America reconciliation assistance	37,948
Private sector revolving fund	23,566
Trade and development	29,982
Assistance to Portugal and Portuguese colonies	109
Special assistance initiatives	10,908
Foreign service retirement fund	40,147
Total, development assistance	4,135,088
Security assistance:	
Indochina postwar reconstruction	237
Security supporting assistance	5,305
Economic support fund	3,547,328
Middle East special requirements	2,764
Total, security assistance	3,555,634
Total, unliquidated balances and total Agency pipeline	7,690,722

ITEMS OF SPECIAL INTEREST

AID MANAGEMENT AND ACCOUNTABILITY

A central issue of concern to the Committee for several years has been persistent weaknesses in AID's management of foreign assistance programs. In hearings in the Foreign Operations Subcommittee, in AID's inspector general audits, and in General Accounting Office reports a persistent pattern of systemic problems of management, accountability and program evaluation has emerged. What disturbs the Committee most is that despite repeated attention drawn to these weaknesses and problems, AID senior leadership has allowed them to continue without resolution for year after year. Given the diffusion of responsibility for program implementation, the Committee has been unable to establish any meaningful lines of accountability for the expenditure of foreign assistance funds on such disasters as the Helwan housing project in Cairo, or audits detailing waste and fraud in other AID programs. The Committee is disturbed that AID, after years of calls for action, still has no system for evaluating the accomplishments of foreign assistance programs.

The Committee believes—and this is candidly confirmed by senior AID management—that there is a cultural bias in AID that regards sound management, accountability and evaluation as secondary considerations. Career progression in AID depends far more on program design than it does on demonstrated management capabilities, including effective program implementation. This attitudinal problem underlies management weaknesses in the professional AID bureaucracy. It does not explain the longstanding failure by senior AID management to provide the strong leadership needed to address these systemic weaknesses.

While the new AID leadership has begun to take some remedial steps in the last few weeks, the Committee has concluded that AID itself cannot objectively review its own internal management problems. Therefore, the Committee is recommending bill language providing for the establishment of an independent commission to review management, accountability and evaluation issues in AID, and to report to the Administrator and Congress on measures which could strengthen overall management of AID. The provision requires that the independent commission provide recommendations for actions which may be taken administratively and for legislation where additional authorities may be necessary. This report will enable the Committee to take its findings and recommendations into account in the preparation of the fiscal year 1992 appropriation.

To meet the modest administrative and support costs of the independent commission, the Committee provides that up to $500,000 of AID program funds may be allocated to the commission. In addi-

tion, AID (including staff of the AID inspector general) may detail personnel to provide staff support to the commission, and to make information on management matters available to the members of the commission.

Local Currency

The Committee recognizes that although local currencies generated by the U.S. foreign assistance program can be a valuable foreign assistance commodity, in order to take into account the particular host government environment and to optimize its development resources, there needs to be some flexibility in programming the amount of and uses for such local currency. Moreover, the Committee accepts that there are circumstances in which such a generation of local currency may not be feasible or an optimal use of resources from a programmatic and/or economic perspective.

Accordingly, the Committee has included language in the bill specifying that the amount of local currencies generated will be based upon an agreement between the Administrator of AID and the foreign government. This provision clarifies the Committee's intention that the amount of host government-owned local currency depostied into a special account for joint programming should be determined by an express agreement between AID and that government and should not result from the particular uses of the U.S. foreign assistance by the host government.

The Committee has also recommended that this provision supersede other provisions of law which address the generation or accrual of local currency (sections 531(d) and 609 of the Foreign Assistance Act of 1961 and certain provisions within the "Sub-Saharan Africa" account) in order to ensure that all host government-owned local currencies derived from programs under the Foreign Assistance Act are treated consistently.

While the Committee strongly prefers that local currency be programmed for project activities, it accepts in principle that local currency can also be used for sector assistance activities, as well as for general budget support (which would include debt reduction). The Committee emphasizes that whichever programming mode is chosen adequate steps must be taken to ensure a commensurate level of accountability and control.

In the case of general budget support, this would necessitate not only a level of monitoring sufficient to ensure that the local currency (or its equivalent) was deposited with the government's central treasury account, but also a determination that the government has suitable budgeting and financial management systems and resources. For sector assistance activities the Committee would expect, in addition, that there be assessments of the actual performance of that sector which would be incorporated into future programming decisions.

The Committee also recognizes that there may be circumstances in which disbursement of generated local currency will have a negative effect on overall economic stability (for reasons such as fueling inflation), and that not expending such currency may serve a foreign assistance purpose by reducing the monetary supply and inflationary pressures. The Committee is not convinced that local

currencies deposited in the account should be sterilized to reduce the money supply and has, therefore, not accepted AID's suggestion that this be an appropriate use of deposited local currencies. If it is imperative that local currencies not be introduced into the economy, local currencies need not be deposited, and the Government can take steps on its own to reduce the money supply.

Demilitarization and Democracy

The Committee affirms that supporting democratic governments should be a primary goal of U.S. foreign policy. In many countries, U.S. assistance has played an important role in encouraging the establishment of democratic institutions and helping to ensure free and fair elections. However, during the cold war a pattern developed of giving U.S. assistance to many other countries which are not democratic.

As the Committee notes in the section of this report entitled "New Directions in U.S. Foreign Assistance," during the past year the world has undergone dramatic changes amounting to a revolution. The Secretary of State, in a speech in March 1990 in which he discussed these changes, stated: "Beyond containment lies democracy. The time of sweeping away the old dictators is passing fast; the time of building up the new democracies has arrived. That is why President Bush has defined our new mission to be the promotion and consolidation of democracy. * * * American foreign policy abroad must reflect democratic values."

The Committee shares Secretary Baker's view, and believes that with the end of the cold war U.S. military assistance should be provided, to the maximum extent possible consistent with the national interest, to achieve the goal of promoting and strengthening democratic governments. Therefore, the Committee has included bill language prohibiting military assistance to any government that is not democratically elected or making substantial progress toward democratic institutions. The Committee gives the President discretion to determine whether or not a government meets this standard. The President may waive the requirements of this provision if he determines that it is in the national interest of the United States to provide military assistance.

The Committee recognizes that in some cases, such as constitutional monarchies, the legislative branch of a government may be democratically elected while the executive is not. The Committee would consider such a government democratic if the legislature is freely and fairly elected.

Andean Drug Strategy

The Committee supports the administration's efforts to carry out a comprehensive counternarcotics strategy in the Andean region, the principal source of coca production, from which cocaine is derived. The Committee commends the President for attending the drug summit in Cartagena despite concerns about his safety. It also welcomes development of a national drug control strategy under the aegis of the Office of National Drug Control Policy. Only a well coordinated and sustained effort by all elements of Federal, State, and local government, as well as cooperation among the interna-

tional community holds any promise of stopping the scourge of drug production and trafficking. The Committee notes, however, as it did last year, that despite these efforts the amount of cocaine and other dangerous drugs flowing into the United States is continuing at record levels. The Committee believes that until the economies of the drug producing countries are capable of providing impoverished farmers with an alternative to growing coca, marijuana, and opium that pays them a living wage, the lucrative drug trade will continue.

The Committee recognizes that there is a broad consensus for the involvement of United States and other national military forces in the counternarcotics effort. The resources and capabilities of military establishments are indispensable. In fiscal year 1990, the Committee made over $200,000,000 available to support the administration's Andean drug strategy, including substantial military assistance for Colombia, Peru, and Bolivia, despite serious reservations about the human rights performance of the security forces of all these nations.

The Committee notes with growing concern the administration's evident intention to continue a growing emphasis on the military component in U.S. counternarcotics efforts in the Andean region. For fiscal year 1991, the administration proposes to provide over $141,000,000 in direct military assistance to the Andean drug producing countries, up from $110,000,000 in fiscal year 1990. Of particular concern is Peru, where administration officials indicate this assistance will be used to combat the Sendero Luminoso guerrillas who have been implicated in the drug trade. The administration has said that the drug traffickers and Sendero are trading weapons and sharing strategies, and to defeat one will require defeating both.

While the Committee has consistently supported efforts to control drug trafficking abroad, that should not be taken as an endorsement of a policy which has the potential for drawing the United States into a protracted war against an insurgency in the Andean jungle. The implications of such a policy, both in terms of human and financial costs, are potentially farreaching, and must be fully debated before this Nation commits itself to a course that could lead to involvement in another insurgency.

Peru's newly elected president has thus far rejected offers of United Sates military assistance. He has called instead for substantial increases in economic assistance to combat poverty. However, the Committee emphasizes that, according to international human rights organizations, the Peruvian military has adopted tactics and engaged in a pattern of human rights atrocities indistinguishable from the Sendero Luminoso guerrillas. The military and police have been repeatedly implicated in killings, torture, and disappearances of civilians labeled "subversives," and the justice system has proven incapable of investigating or prosecuting these crimes.

The Committee cannot ignore reports from reputable human rights monitors that the human rights situation in Peru has deteriorated during the past year. The Committee expects that discussions will continue with the new Peruvian Government about cooperation in the Andean drug strategy, probably including substantial United States military assistance. The Committee strongly rec-

ommends that at a minimum, no military assistance be provided to Peru until the Peruvian Government commits itself to strong measures to bring the military under civilian control and to enforce respect for basic human rights.

Concrete steps the new Peruvian Government should be asked to undertake include (1) accounting for persons detained and disappeared in 1989 and 1990; (2) establishing a registry of all detentions so family members can be notified promptly of the arrest of a relative: (3) granting access to the International Committee of the Red Cross to all places of detention; (4) taking steps to bring to justice military officers responsible for human rights abuses, including the 1988 Cayara massacre; and (5) purging from the military those directly involved in past abuses. The Committee expects the administration to report promptly and in detail the terms and conditions of any military assistance agreement with Peru, including any human rights undertakings or actions requested of the Peruvian Government.

Because of its concerns about the human rights situation in the Andean nations, the Committee concurs with the recommendation of the House that a ceiling of $118,000,000 be placed on military assistance to Peru, Colombia, and Bolivia. The Committee also recommends retention of House language permitting the use of up to $2,000,000 of these funds to support law enforcement agencies engaged in counternarcotics efforts.

Human Rights

Last year in its report the Committee expressed concern about the enforcement of provisions of the Foreign Assistance Act of 1961 which prohibit military and economic assistance to governments that engage in systematic violations of human rights. Most notably are sections 502B and 116(a) of that act, which prohibit military and economic assistance to governments that engage in systematic violations of human rights. Far too often, administrations have failed to enforce these laws in order not to offend a foreign government and jeopardize U.S. diplomatic relations with that country. The Committee made several specific suggestions of how human rights could be integrated in a more consistent and systematic way into the foreign assistance decisionmaking process. However, the administration has not adopted any of the Committee's suggestions.

The Committee believes strongly that decisions concerning U.S. foreign assistance levels and programs must take into account the human rights record of recipient governments. In its annual country reports of human rights practices, the Department of State identifies and documents human rights violations around the world. The report contains categories for measuring human rights behavior, including political rights and the integrity and dignity of the person. However, this report, while extremely useful in focusing attention on the human rights behavior of countries, is rarely reflected in the foreign assistance budgetary process. For example, aside from documenting human rights violations, the administration does not identify those countries deemed to be systematic violators of human rights and therefore ineligible for U.S. foreign assistance under the terms of the Foreign Assistance Act. The human

rights provisions of the Foreign Assistance Act are too easily ignored because of the absence of an annual list of nations whose behavior meets the standard of a consistent pattern of gross violations of internationally recognized human rights.

Accordingly, the Committee has included bill language requiring the President to compile a list of countries which, based on the findings of the Department of State's human rights report, he determines to meet the threshhold test of the Foreign Assistance Act of 1961. The Committee would expect that countries on this list will, in accordance with the appropriate sections of the Foreign Assistance Act of 1961, be deemed ineligible for military assistance from the United States. The Foreign Assistance Act contains provisions providing the President with the authority to waive these restrictions. This waiver provides the President sufficient flexibility to set aside the human rights restrictions on foreign assistance if he determines that the national security interests of the United States are overriding.

The Committee intends by this provision mandating the establishment of a list of human rights violators similar to the list of terrorist nations to send a strong signal to governments that deny the fundamental human rights of their own citizens. By behavior that places their nation on this list, they place in jeopardy their aid relationship with the United States.

Egypt's Role in Desert Shield

The Committee notes with strong support the positive role which Egypt is playing in support of Operation Desert Shield and the multilateral efforts to stop Iraqi aggression in the Persian Gulf. Egypt's support diplomatically and through the contribution of 40,000 troops in Saudi Arabia has been essential for building and maintaining the broad Arab, Islamic, and international front in support of Operation Desert Shield. In addition, Egypt's direct assistance to the United States military deployment in the gulf has been a significant contribution to the speed and success of the deployment.

As a result of the crisis and the imposition of sanctions against Iraq, Egypt's economy has suffered considerable damage. Egypt, which had significant trade with Iraq during the Iran-Iraq war, not only lost that trade with the imposition of sanctions against Iraq but also lost remittances from the 1.5 million Egyptians who were working and now are hostages in Iraq. These economic difficulties have moved Egypt from a situation where repayment of Egypt's debts to the United States was exceedingly difficult to one where it is simply impossible.

In recognition of this fact, and in support of Egypt's deployment to Saudi Arabia of two divisions of Egyptian troops and their American-made armor and equipment, the Committee has included in the bill the President's proposal to forgive Egypt's foreign military sales [FMS] debt. The effect of the provision, which is consistent with the Committee's approval since 1985 of grant aid to Egypt, is to cancel the FMS debts accumulated during the period from 1979 through 1984, following on Egypt's signing of the Camp David accords. The policy since 1985 has been to provide grants to Egypt

both in support of its peace with Israel and increasingly in its role as the United States partner and ally in maintaining peace and stability in the Middle East.

The Committee provision expresses the sense of the Senate in support of Egypt's military actions in the gulf, and notes that Egypt's deployment of troops and the forgiveness of Egypt's FMS debts to the United States are in the direct national security interests of the United States. The provision provides the President with the authority to cancel Egypt's FMS debt to the United States and relieves the Secretary of Defense of the requirement to reimburse the Federal Financing Bank for payments due under DSAA guaranties of those loans.

Expropriation Claims

In the report which accompanied the Foreign Operations, Export Financing, and Related Programs Appropriations bill for fiscal year 1990 (S. Rept. 101-131), the Committee discussed in some detail its concern with respect to expropriation claims. Rather than repeat much of that language, the Committee notes that a good deal of what it said last year is applicable this year. In particular, the Committee again directs that the Department of State prepare a report on the status of all pending expropriation claims of U.S. citizens and business enterprises by December 1, 1990. Once again, the State Department should include in this report a detailed explanation of what specific action has occurred on cases which have been enumerated in previous reports requested by the Committee. Where no action has occurred, an explanation should be given of that inaction.

Prefinanced Contractual Obligations

In addition to expropriation concerns, the Committee is also troubled by situations which have occurred in certain Central American and West African countries where prefinanced contractual obligations have not been adhered to. It is customary, under such arrangements, for U.S. trading companies to advance substantial sums to their less developed trading partners, typically government agencies, in exchange for products such as cocoa and coffee. Prefinancing enables these nations to meet pressing current obligations and to finance production. The countries repay the advance by delivering commodities according to a pricing formula based on market prices.

Unfortunately, some nations have seen fit to abrogate these obligations. The Committee feels it is important to warn these countries that it will not tolerate such action, especially if any countries involved are receiving U.S. foreign assistance.

The Committee emphasizes that foreign assistance must not be used to help U.S. firms recoup from bad business decisions. The Committee expects that due consideration will be given to local conditions and practices when such arrangements are considered. At the same time, the Committee insists that U.S. firms operating abroad have a right to expect compliance with contractual obligations. Therefore, the Committee expects the Treasury Department to direct U.S. representatives at the IMF and the World Bank to

monitor these situations and demand strict compliance with outstanding repayment obligations before such countries can receive multilateral lending and investment assistance. The Committee will also take into account countries' good faith compliance with contractual obligations with U.S. firms in making foreign assistance appropriations.

The Committee is also concerned about the prefinancing practices of certain western nations. Arrangements that are not based on market pricing must inevitably involve government subsidies. Such governmental forays into prefinancing puts U.S. trading enterprises at a competitive disadvantage and are hardly in keeping with the spirit in which the Uruguay Round negotiations should be taking place.

Telecommunications

The Committee is pleased to note the growing numbers of developing nations that are reforming their economies according to free market principles and greater private sector participation. As these countries struggle to develop through self-reliance and export-led growth, the United States should continually examine the forms of assistance it provides to ensure that it is supporting their efforts in the most effective way possible.

In this regard, the Committee strongly urges AID to focus greater attention on the needs of developing nations for an adequate telecommunications infrastructure. In today's information age, a sufficient telecommunications capability is an essential engine for economic growth, just as railways and highways were to the industrial age. While the United States has long recognized the importance of adequate telecommunications to its own economic growth, U.S. foreign policy and foreign aid agencies have been slow to realize the significance of this crucial element of economic infrastructure in U.S. foreign aid programs. Lacking such infrastructure, most LDC's will be unable to attract job-creating investment, which is the only way they can grow out of the need for continued economic aid. The Committee expects AID to place a greater emphasis on funding telecommunications projects in the future, especially where AID's open markets/open societies approach is being implemented.

Egypt.—As the strategic cooperation between the United States and Egypt increases, the existence of an adequate telecommunications network capability in Egypt is essential. In addition to the developmental benefits provided by telecommunications noted elsewhere in this report, the Committee urges AID to take into account the strategic importance of supporting telecommunications development, particularly in countries which are key allies of the United States.

U.S. Telecommunications Training Institute.—The Committee notes with approval the financial support AID and other Government agencies have given to the U.S. Telecommunications Training Institute [USTTI] since it was established in 1982. The Committee recommends that $500,000 be provided to support worthy applicants from the least developed countries of the world so that they may participate in this program. The Committee believes that

USTTI's programs benefit the United States in establishing relationships with foreign administrators; leads to business opportunities for U.S. companies abroad; and helps our Government in international negotiations.

Grievance Procedures

The Committee has included language in the bill which provides foreign service employees who are aggrieved by statutorily prohibited discriminatory acts two options: either filing such complaints as grievances in the grievance system or as EEO complaints in the agency EEO system. When a member of the foreign service believes that he or she has been discriminated against on the basis of race, sex, national origin, religion, age, or handicap, this amendment would permit the officer to have the option of filing either an EEO case or a grievance. Currently, foreign service officers may only use the EEO system, whereas civil service employees have for many years been able to exercise this other option.

War Reserves Stocks for Allies

The Committee recommends a provision which makes permanent the President's authority to stockpile U.S. military equipment abroad for contingencies. Further, the Committee provides for a $100,000,000 increase over the House's recommended $178,000,000 ceiling on the "War reserves stocks for allies" account, for a total ceiling of $278,000,000. The Committee provides bill language earmarking not less than $200,000,000 of this amount for war reserves stockpiles in Israel. Under the authorities of the "War reserve stocks for allies" account, a nation in which a stockpile of U.S. military equipment is located may, at the discretion of the President, purchase equipment from the stockpile in a military emergency. This provision will provide an additional source of urgent military assistance in the event of an attack on Israel.

Excess Defense Articles

The Committee has included bill language which gives the administration added flexibility with regard to the disposition of excess defense articles.

Through a separate provision the administration may grant excess defense articles to NATO and major non-NATO allies. This provision would allow the administration to also grant such articles to countries not covered by current law provided they are currently foreign military financing recipients. However, the Committee has also included several restrictive provisions designed to ensure congressional oversight and protection of U.S. force readiness.

COUNTRY ISSUES

Central America and the Caribbean

GUATEMALA

Military assistance.—The Committee has placed a ceiling of not more than $2,887,000 for nonlethal military assistance for Guate-

mala. Like the House, the Committee has included a provision requiring prior notification of any of these funds.

The Committee is extremely concerned about the worsening human rights situation in Guatemala. This is a great disappointment after a period of improvement after the election of the Cerezo administration. However, even after 4 years of elected constitutional government the military remains largely outside civilian control, without fear of being held to account for violations of basic human rights. The Committee notes that during the past year international human rights organizations reported a marked increase in human rights violations against members of Guatemalan human rights organizations. The Committee commends the administration for recalling the United States Ambassador to protest the Guatemalan Government's failure to investigate these allegations or to prosecute any members of the security forces reportedly involved in any of these atrocities.

A new defense minister took office in June and Guatemala is scheduled to hold national elections in November. The Committee is very concerned about recent reports that the administration is strengthening its ties with Guatemalan military intelligence (G–2) in the waning days of the Cerezo administration. The G–2 has a long history of human rights atrocities. The Committee is similarly concerned that United States National Guard troops are engaging in civic action exercises in combat areas, and that the local public will suspect the United States of collaborating with the Guatemalan military in violating human rights. The Committee emphasizes the importance it places on the November elections leading to a further consolidation of democracy and genuine civilian control over the military.

The Committee believes that until the civilian government can create sufficient political stability and security for opponents of the government to organize and express their views, democracy will remain elusive in Guatemala. Accordingly, given the Cerezo government's unwillingness or inability to prevent abuses by the military, and uncertainty about the intentions of a successor administration, the Committee will be reluctant to agree to the release of any military aid until the new government demonstrates its firm commitment and ability to bring the military under its control and prosecute those responsible for abuses of human rights.

The Committee therefore directs the administration to report to the Committee, by March 1, 1991, on the extent to which:

One, military harassment and assassinations have ceased against human rights activists.

Two, independent human rights groups such as the mutual support group [GAM] and the council of ethnic communities [CERJ] may freely carry out their legal activities.

Three, the Guatemalan Government has taken steps to determine the fate of the following human rights activists who disappeared under circumstances suggesting involvement of security forces: (*a*) Pedro Cumes Perez, reportedly seized by soldiers on September 11, 1988. (*b*) Luis Ruis Luis and Macario Pu Chivalan, CERJ members reportedly seized by soldiers on April 1, 1989. Nicolas Mateo and Agapito Perez Lopez, CERJ members reportedly seized by soldiers on April 7, 1989. (*c*) Maria Rumalda Camey, member of

GAM reportedly kidnapped on August 15, 1989. (*d*) Seven University of San Carlos students disappeared since August 1989.

Four, the government has taken steps to investigate the fate of other individuals who have disappeared.

Five, there has been significant progress in investigating and bringing to trial those responsible for the murders of the following human rights workers: (*a*) Valerio Chijal, CERJ member murdered on September 2, 1988. (*b*) Aurselio Lorenzo Xicay, GAM member murdered on July 24, 1989. (*c*) Maria Mejia, CERJ member murdered March 17, 1990. (*d*) Jose Vicente Garcia, CERJ member murdered on April 10, 1990. (*e*) Jose Maria Ixcaya, CERJ member murdered on May 1, 1990. (*f*) Seven University of San Carlos students abducted and murdered since August 1989.

Six, there has been significant progress in investigating and bringing to trial those responsible for the kidnapping and torture of Ursuline Sister Diana Ortiz in November 1989.

Seven, there has been significant progress in investigating and bringing to trial those responsible for the murder of Michael DeVine on June 9, 1990.

In reviewing any notification of intention to release military aid to Guatemala, the Committee will give particular weight to the findings of the report submitted by the administration to the Committee concerning the above-mentioned cases.

The Committee has been informed by Guatemalan officials that the Guatemalan Government does not intend to make commercial purchases of lethal equipment with the exception of M–16 rifles and patrol boats. In accord with prior understandings reached with the administration, the Committee expects to be informed in advance of any proposed sales of lethal military equipment, government or commercial, to Guatemala.

Economic support fund [ESF].—The administration has requested $60,000,000 in economic support fund assistance for Guatemala. The Committee supports continued economic assistance to Guatemala, and has refrained from placing a ceiling or other limitations on ESF for Guatemala. However, if the new government fails to demonstrate clearly its commitment and ability to control excesses by the military and to consolidate democracy, the Committee will be forced to reconsider its willingness to permit this flexibility in economic support fund assistance in the future.

The Committee is also concerned by reports that a substantial portion of ESF funds is provided to elements of the private sector who continue to refuse to pay reasonable taxes to the Guatemalan treasury. The American taxpayer cannot be expected to subsidize tax evasion by Guatemalan citizens. The Committee requests the administration to report to the Committee by April 30, 1991, on progress by the Guatemalan Government to collect reasonable taxes from private sector recipients of United States assistance.

The Committee is aware of the work of Centro-ESTNA in Guatemala, which brings together in an academic setting representatives of different sectors of Guatemalan society—political, social, economic, ethnic, and military—that have no tradition of dialog, little mutual tolerance or trust, and no concept of themselves as citizens of the same body politic. They meet several times a week to discuss and develop solutions to the pressing problems of Guatemala.

While the Committee is aware that for such an effort to bear fruit in Guatemala the military must be involved, it is concerned about the dominant role of the military in Centro-ESTNA given the history of staunch military resistance to civilian control in that country. However, the Committee strongly supports this kind of initiative which, if truly open to all sectors of society, can make a significant contribution to consolidating democracy in Central America.

The Committee therefore urges the administration to make available in fiscal year 1991, $250,000 in economic support funds for Guatemala to Centro-ESTNA to develop and implement programs in education, training, and dialog aimed at strengthening democratic, legal, and political institutions in Guatemala. The Committee expects a portion of these funds to be used to develop proposals for significantly reducing the role of the military in Guatemalan society. The Committee has included bill language mandating similar programs in El Salvador.

EL SALVADOR

The Committee welcomes the initiation of U.N. sponsored negotiations between the Cristiani government and the FMLN rebels. This is the first serious effort to find a political settlement of a 10-year war neither side can win that has claimed an estimated 70,000 lives.

Last year in its report the Committee expressed grave misgivings about the administration's policy toward El Salvador, and about the Cristiani government's apparent inability to bring to justice military personnel responsible for violations of human rights. The Committee also expressed concern about reports of pervasive corruption within the Salvadoran Government and military. A majority of the Committee supported a provision in last year's foreign aid appropriations bill which would have conditioned a portion of United States military assistance to El Salvador on improvements in human rights. However, that provision was strenuously opposed by the administration and defeated on the Senate floor.

Since then an elite, United States trained battalion of the Salvadoran military has been implicated in the brutal massacre of six Jesuit priests and their housekeepers. This is only the latest in a series of massacres and other atrocities attributable to the Atlacatl battalion during the past decade, while it was receiving virtually continuous U.S. training and support. Despite pressure from the United States to bring those responsible to justice, the prosecutions have made little progress. President Cristiani has said he expects the only officer charged to be acquitted, and, despite assurances that every effort would be made to investigate whether other senior officers were involved in ordering or covering up the crime, no serious investigation has occurred. Important evidence has been destroyed by members of the Armed Forces and potential witnesses in the Army have been transferred out of the country. Few senior military officers have been interrogated concerning the Jesuit murders and virtually no senior officer has been subjected to a polygraph examination concerning possible involvement in these crimes.

Additionally, charges against all but one of the military defendants in the San Sebastian massacre, and two of the defendants in the kidnapping-for-hire case, have been dismissed. The Committee notes that each of these cases had been described by administration officials as a test of the intentions and ability of the Cristiani government to control excesses by the military. Needless to say, the results are totally unacceptable to the Committee, particularly as it is once again being asked to provide extraordinary amounts of economic and military assistance to El Salvador.

The Committee continues to receive reports of official corruption which are fully described in the report of the House Appropriations Committee accompanying its fiscal year 1991 foreign aid bill. In a hearing on El Salvador this year the Committee received unsatisfactory responses from representatives of the administration concerning the problem of corruption in the Salvadoran Armed Forces, especially as it concerns United States military assistance. The report from the Department of State requested by the House Committee concerning corruption within the Salvadoran military should also be provided to this Committee by March 1, 1991.

The Committee emphasizes its condemnation of a persistent pattern of assassinations, indiscriminate violence against civilians and civilian targets, and other human rights abuses by the FMLN rebels. The FMLN offensive against portions of the city of San Salvador last November involved numerous, blatant violations of human rights, and the laws of war.

Yet, the United States does not provide any assistance to the FMLN, and cannot exert direct influence on its behavior in the way that it potentially can affect the actions of the Salvadoran Armed Forces. Unstinting assistance exceeding $4,000,000,000 over the past decade gives the United States both the right and the obligation to require a good faith effort to negotiate an acceptable political settlement to the conflict and respect for basic human rights.

For far too long, the administration resisted efforts to condition assistance to El Salvador on progress on human rights and peace negotiations. The result for years has been to provide a virtual blank check to the Salvadoran military, an institution that has existed as a force unto itself, with no fear of accountability for brazenly violating human rights and obstructing progress toward real democracy. The Committee cannot emphasize enough how strongly it believes that an unequivocal signal must be sent to the Salvadoran military that the United States will not tolerate continued corruption and violations of human rights.

It has become abundantly clear that years of repeated expressions of concern about human rights by the Congress and administration have not been taken seriously by either the Salvadoran military or the FMLN. Unless the United States provides real incentives for both sides to respect human rights and negotiate seriously for peace, El Salvador will continue to bleed and millions of United States tax dollars will continue to be wasted on a futile conflict.

Military assistance.—The Committee has included bill language capping the total amount of military assistance at $85,000,000. The assistance is strictly conditioned on the behavior of the Salvadoran military and the FMLN. It applies pressure on the military to sup-

port the civilian government and to respect human rights, as well as making the FMLN pay a high price for breaking off negotiations, launching another offensive or receiving major shipments of lethal equipment from outside El Salvador. Specifically, the legislation:

—Caps military aid at $85,000,000 for 1991.

—Withholds all military aid to El Salvador if the President determines and reports to Congress that the Government of El Salvador refuses to negotiate a peace settlement; or rejects an active mediation role by the United Nations; or refuses to accept and comply with a U.N. plan for a settlement of the conflict including a ceasefire; or fails to investigate and prosecute those responsible for the Jesuit murders; or engages in acts of violence against civilians.

—Requires an act of Congress to resume assistance withheld because of any of these conditions.

—Withholds 50 percent of the $85,000,000 for 1991 and any unexpended military aid from previous years ($53,500,000 as of August 1990), unless the President determines and reports to Congress, after consultation with the Secretary General of the United Nations, that the FMLN refuses to negotiate a peace settlement; or refuses an active mediation role by the United Nations; or refuses to accept and comply with a U.N. plan for a settlement of the conflict including a ceasefire; or receives a significant amount of lethal equipment from abroad; or launches an offensive which threatens the survival of the constitutional government; or engages in acts of violence against civilians.

—Converts the 50 percent of withheld aid into a fund to assist with the costs of monitoring a cease-fire, demobilization of combatants, and their transition to peacetime activities.

—Prohibits any military aid if the Government of El Salvador is overthrown by a coup.

—Requires the prior approval of the President of El Salvador for the delivery of military aid to the Armed Forces.

—Provides $10,000,000 in economic support funds to establish a program of education, training, and dialog to strengthen democratic, political, and legal institutions in El Salvador. Up to $2,000,000 of these funds may be used to monitor the 1991 elections.

The Salvadoran Government is not endangered by these restrictions since military assistance is reduced only if the FMLN is negotiating in good faith at the bargaining table and refraining from activities, including a major offensive, which poses a threat to the survival of the Salvadoran Government. Furthermore, combatants on both sides are assured of assistance in returning to civilian life after a cease-fire and permanent settlement. The Committee fervently hopes this legislation will provide the incentives for both sides to agree on a way to end peacefully this tragic period in the history of El Salvador.

Economic assistance.—Additionally, the administration requests $180,000,000 in ESF for El Salvador. The Committee is concerned by reports that despite receiving almost $3,000,000,000 in economic, development, and humanitarian assistance from the United States

since 1980, the Salvadoran economy is stagnating, consumer prices have skyrocketed, and the per capita income of the majority of Salvadorans has fallen sharply. Much of this assistance was in the form of cash transfers to the Salvadoran Government. The Committee is deeply disturbed that so little has been accomplished with what by any standard is a massive amount of assistance for a country of only 5 million people.

Given today's severe budget constraints and the Committee's oversight responsibility, it is imperative that scarce foreign aid dollars are used effectively. For several years, Congress has required that not less than 25 percent of ESF be in the form of projects and other development activities rather than balance of payments support. Massive infusions of cash into the Salvadoran Treasury have done little other than to finance the war and maintain daily government operations. There has been no improvement in the lives of ordinary Salvadorans or of the economy. The Committee believes that a much larger share of United States economic assistance must be provided through projects and programs designed to benefit the Salvadoran people directly. Therefore, the Committee recommends that a substantially larger share of ESF for El Salvador than 25 percent be devoted to development projects intended to help the poor.

The Committee further recommends that up to $500,000 of these funds be made available for the following two purposes:

One, to provide assistance for the benefit of orphans at the Devine Providence Orphanage in Santa Tecla. This orphanage, home to several hundred orphans, is part of the hospital in whose chapel Archbishop Romero was assassinated; and

Two, to support the expansion of the network of rural health clinics operated by Asociacion Salvadorena Pro-Salud Rural [ASAPROSAR]. ASAPROSAR has been recognized in El Salvador and the United States as a model for the delivery of primary health care to tens of thousands of the poorest Salvadorans.

Judicial reform.—The Committee believes that judicial reform is essential in El Salvador both to deter crimes of violence, and to deter corruption. This is illustrated by the failure of the Salvadoran courts to act on evidence collected by the special investigative unit in the case of the Banco Agricola Commercial. According to United States and Salvadoran officials, there is evidence that bank officials made unsecured loans of as much as $40,000,000 to themselves and to their friends without any intention, or assurance, of repayment. The Committee believes there should be an expeditious and just disposition of this matter.

University of Central America.—The Committee is concerned about the financial crisis facing the University of Central America [UCA]—the Jesuit university whose president, academic vice president, and dean of the humanities faculty were among the six priests murdered by Salvadoran soldiers on university property last November. The UCA, a private, nonprofit institution with a student body of 7,000 from all social classes, is $10,000,000 in debt to the Inter-American Development Bank and unable to meet its operating expenses.

The Committee believes that at a time when the people of El Salvador are struggling to overcome a decade of social and economic

upheaval, the United States has an interest in supporting educational institutions in that country. Therefore, the Committee has included bill language which provides $10,000,000 equivalent local currency to be utilized by the UCA to pay its debt to the Inter-American Development Bank.

Salvadorans displaced by war.—While the number of Salvadorans displaced by war has diminished in recent years, at least 125,000 remain in squalid camps in various parts of El Salvador. Of that number, AID estimates that 6,000 families will require land, homes, and farming implements. Currently, AID is funding an important reintegration program through voluntary agencies which reaches only about 600 of these families.

Recently, AID increased its funding for this program, which is currently slated to run through 1993, from $2,700,000 to $7,200,000. The Committee commends this increase and expects that programs to assist those uprooted by war will now continue to receive AID's urgent attention.

HONDURAS

The Committee wishes to express its support for the courageous economic reforms recently undertaken by the new Honduran administration of President Callejas. These adjustments, long recommended by the international donor community including the United States, are widely seen as essential to revitalizing Honduras' economy. While the Committee is in agreement with these reforms, it wishes to emphasize the importance it gives to policies which protect the most vulnerable members of Honduran society from the hardship resulting from price, subsidy, exchange rate, and other structural reforms.

The Committee notes that the administration requested $40,000,000 in military assistance for Honduras, double the amount made available last year. This increase in military assistance is difficult to understand, given the emergence of the Chamorro government in Nicaragua and the lessening of the threat once perceived from that country when the Sandinistas were in power. In the Committee's view, the most serious threat to Honduran stability and security is economic underdevelopment. The Committee has left the administration full discretion in allocating military, economic, and development assistance to Honduras, but expects that the views set forth in this report will be taken fully into account in the preparation of the allocation report required by section 652(a) of the Foreign Assistance Act.

The Committee is gratified that the Honduran Government has finally resolved its long and contentious dispute concerning the expropriation claim of American citizen Temistocles Ramirez. This matter had been a thorn in the side of United States-Honduran relations for several years, and has now been put to rest.

HAITI

In the fiscal year 1990 supplemental appropriations bill (Public Law 101-302), the Congress appropriated $3,000,000 in economic support funds to support the electoral process in Haiti. The Committee included in its report accompanying that bill four conditions

which it believed should be met before those funds were obligated. Those conditions included that meaningful steps are being taken by Haitian civil and military authorities to provide electoral security.

The Committee remains very concerned about the electoral security situation in Haiti. The return of notorious Duvalierists has only heightened that concern, especially given the failure of the military or police to carry out orders to arrest them. The Committee is closely watching the performance of the Haitian Army in ensuring security during this critical period. Furthermore, the Committee wishes to emphasize that future United States assistance to Haiti will depend on the extent to which the upcoming elections are free and fair, and on the performance of the Haitian Army in protecting the integrity of the electoral process and respecting human rights.

JAMAICA

The Committee notes the efforts taken by the Government of Jamaica in implementing an economic reform program sufficient to meet Jamaica's needs. The Committee is concerned about the intense economic pressures this program places on Jamaica's people, however, and recognizes that Jamaica continues to need significant levels of United States assistance in order to protect its people. The Committee is concerned that the administration, through its strong focus on the Andean region, may be overlooking nations like Jamaica which are also critical to United States interests in the region, and expects the administration to undertake regional funding allocations, including ESF allocations under the bill's antinarcotics earmarks, with an eye toward that regional role. The Committee further expects the administration to make Jamaica a priority in implementing debt relief programs under consideration, such as the enterprise for the Americas.

The Committee further notes the strong support which Jamaica and Prime Minister Michael Manley have given the war against drugs in the Caribbean. Jamaica is continuing its strong eradication program and has become increasingly successful in stopping production of marijuana in Jamaica. However, the ever increasing sophistication of the narcotraffickers in the region, and the fact that United States interdiction efforts have driven cocaine traffic from the skies over the Caribbean onto islands like Jamaica, have compounded the crisis for Jamaica. The Committee believes that the administration must be flexible in assisting Jamaica in these efforts. Provisions of excess defense articles, including such materiel as excess support ships for coastal defense, could have a major impact on Jamaica's efforts.

GUYANA

The Committee is paying close attention to Guyana where national elections are to be held no later than March 1991, and may be as early as December 1990. Given the history of electoral fraud in Guyana, the Committee wishes to emphasize that future United States assistance to that country will depend on whether the upcoming elections are free and fair. The Committee urges that, at a minimum, the following steps should be taken: (1) the establish-

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ment of a truly independent electoral commission; (2) the preparation of an accurate voter registration list; (3) guarantees against ballot tampering and fraudulent counting of ballots; and (4) the invitation of neutral international observers, such as the Organization of American States, the United Nations, and/or the Council of Freely Elected Heads of Government, to monitor the electoral process.

JORDAN

For the past several years, the Committee has consistently earmarked FMF and ESF funds for Jordan, in recognition of its close cooperation with the United States and its relative moderation among Arab States. However, the Committee is disturbed by the refusal of Jordan to join with the United States and the Arab League in the defense of Saudi Arabia against Iraqi aggression and in its unwillingness to comply fully with the embargo ordered by the U.N. Security Council. The Committee also understands Jordan operates a joint air force squadron with Baghdad and continues to permit Iraqis to fly reconnaissance missions along its border with Israel. There are reports Jordan may even be using its American-made F–5 aircraft to conduct military reconnissance missions for Iraq along the Saudi border.

Most disturbing, however, are numerous reports that Jordanians are training Iraqi military personnel in the use of Hawk ground-to-air missiles stolen during the Kuwait invasion. If true, this would represent an ominous turn in United States-Jordanian relations.

The administration requested $85,200,000 in foreign military financing and economic support fund assistance for Jordan in fiscal year 1991. Under existing circumstances, the Committee is unable to earmark funds for Jordan. However, the Committee stresses that the President retains the authority to allocate FMF and ESF funds to Jordan out of unearmarked funds if he determines that Jordanian policy and actions relating to the gulf crisis have altered in positive ways.

The Committee urges King Hussein to terminate his military relationship with Iraq and to oppose any use of Jordanian territory or assets for attacks against United States forces, the Arab multinational force, Israel, or any neighboring Arab State.

The Committee is concerned that popular support for Iraq in Jordan and demonstrations against the United States will encourage terrorism against Americans and American interests both inside and outside of the Middle East. The Committee expects the Government of Jordan to discourage such tendencies. Jordan is reminded that Iraq is now a haven for all Palestinian terrorists not aligned with Syria, including Abu Nidal, mastermind of the 1972 Olympic massacre in Munich, and Abu Abbas, mastermind of the *Achille Lauro* hijacking and murder of an American citizen.

The Committee remains committed to peace in the Middle East and supportive of moderate Arab States which share that goal. It is disappointed that Jordan, long a close and trusted friend of the United States, has avoided taking a strong, decisive stand against aggression which threatens the peace and stability of all nations in the Middle East.

KENYA

Since obtaining independence in 1963 Kenya has stood out among other African countries for its relatively free press, independent judiciary, and vibrant private sector. During this period the United States has provided more than $1,000,000,000 in assistance to Kenya, and the two countries have maintained close relations.

The Committee is, therefore, concerned about the deterioration of human rights in Kenya, including increased restrictions on the press, arrests and detentions of journalists, human rights lawyers and opposition leaders, and the beating and shooting of participants in demonstrations for political reform. Despite repeated warnings from United States officials that continued United States assistance would depend on actions by the Kenyan Government to encourage freedom of expression and respect human rights, Kenyan leaders have dismissed these warnings as interference in Kenya's affairs.

While the Committee notes that several prominent critics of the government recently detained have been released, others remain in jail either without charge or charged with sedition and there is still no sign that the government is committed to uphold fundamental political freedoms or to permit genuine political pluralism. While the Committee applauds the American Ambassador for his statements in support of human rights and democracy in Kenya, it is obvious to the Committee that words of encouragement have not had the desired effect and stronger action is necessary. The Committee fully supports the administration's decision to withhold disbursement of fiscal year 1990 military assistance to Kenya. The Committee expects that these funds will not be released without consultation with it. In such consultations, the Committee will be looking for evidence of concrete actions by the Kenyan Government to improve the human rights situation.

Because of its serious concerns about the deterioration of human rights and democratic freedoms in Kenya, the Committee has included in the bill a prohibition on any economic support fund or foreign military financing assistance to Kenya until the President certifies that the Government of Kenya has taken steps to charge and try or release all prisoners, including persons detained for political reasons; to cease mistreatment of prisoners; and to restore freedoms of expression and the independence of the judiciary. Again, the Committee expects concrete actions by the Kenyan Government.

This action is fully consistent with the Committee's strong belief that priority in U.S. assistance should be given to governments that are making a sincere effort to promote genuine democracy and protect human rights.

LIBERIA

The Committee has watched in horror as tribal violence in Liberia has spiralled out of control. The slaughter of innocent civilians has become an everyday occurance and continues unabated, despite the recent capture and death of former President Doe.

Since the violent 1980 coup which brought the Doe government to power, the situation in Liberia has only worsened. Yet throughout those years, the administration continued to provide large amounts of economic and military assistance to Liberia. Recent events amply demonstrate the failure of the administration's policy toward Liberia. The Committee does not believe any military assistance, or economic assistance with the exception of humanitarian items, should be provided to Liberia until a freely and fairly elected government is in place which has demonstrated its commitment to human rights and the rule of law, and its ability to address the basic needs of the Liberian people. Therefore, the Committee has placed Liberia on the list of nations for which prior notification in accordance with the regular notification procedures of the Committee is required for any proposed assistance the administration may contemplate.

Morocco

The Committee supports strong bilateral ties between the United States and Morocco. The Committee commends Morocco's response to Iraq's aggression against Kuwait, including the dispatch of troops to Saudi Arabia and support for strong action by the Arab League in the face of this attack on a fellow Arab state. While the Moroccan contingent of 8,000 troops is an important element of the Arab forces in Saudi Arabia, the Committee believes that a proportionately larger Moroccan ground force, with its extensive desert fighting experience and familiarity with American military equipment, could make a significant contribution to a successful resolution of the present crisis.

Despite severe budget constraints, the Committee recommends earmarks of $20,000,000 in economic support fund assistance and $52,000,000 in military assistance for Morocco in fiscal yaer 1991.

Today Morocco has one of the highest per capita debt ratios in the world, and will become eligible for assistance under the Brady plan debt reduction initiative when its IMF agreement is renewed. Moroccan debt totals more than $22,000,000,000 with more than 40 percent of its export earnings being applied toward its interest payments. The Committee believes this situation should be reexamined by the administration and some form of additional debt assistance considered for Morocco.

The Committee believes that Morocco could do much to help its own economic plight by adopting many of the same fundamental economic reforms as the emerging democracies of Eastern Europe. Morocco would do well to consider a relaxation of State controls on private enterprises, a sharp reduction in government expenditures, the privatization of major government-owned industries, and the streamlining of foreign investment regulations and undertaking a large-scale overseas promotion campaign for its exports.

The Committee is concerned about the high cost of military equipment for Morocco, given the severe budgetary crisis the country is now experiencing. Scarce defense resources will be needed for the redeployment and reintegration of the country's armed forces now stationed in the western Sahara once the U.N. peace plan is

put into effect. The Committee bill extends excess defense article authority to Morocco

Human rights.—The Committee remains concerned by allegations that Morocco falls far short of the country's own goals for human rights protection. As a country which has received large amounts of United States economic and military assistance and has close cultural and political ties to Europe and the United States, it is reasonable to expect that Morocco will measure up to the highest human rights standards.

International human rights groups report that torture and the denial of basic rights of detainees are common in Morocco. The Committee notes that it expressed many of these same concerns in its report last year, and is pleased to note the decision of King Hassan to set up an independent commission on human rights. The Committee will give considerable weight to actions taken by the Moroccan Government in moving ahead on human rights issues in its deliberations on future assistance to Morocco. With the emerging democracies moving expeditiously to modernize their judicial and penal systems, Morocco would be well advised to be in the forefront of these changes.

MOZAMBIQUE

Since 1985, the United States has provided assistance to Mozambique. In the past 5 years, the Mozambique Government has taken important steps to liberalize the economy, schedule multiparty elections, and settle the war with RENAMO that has decimated that country. United States assistance has been particularly effective in three areas, and the Committee believes that further assistance in these areas will not only promote further economic recovery but enable the Mozambique economy to expand. Those areas are:

—Humanitarian assistance. Additional assistance is needed to repair roads and bridges to link rural districts to population centers to transport food and medicine to the millions of Mozambiquans who have been dislocated by war.

—Private sector. Additional foreign exchange is needed to purchase equipment and other inputs to revitalize the private industry and agriculture sectors. The administration should consider providing cash transfers to Mozambique for this purpose.

—Railways and ports. Mozambique's greatest potential source of wealth derives from its location between the landlocked countries of the African interior and the Indian Ocean. If the three major railway corridors can function at full capacity, Mozambique will stand to gain millions of dollars. Mozambique urgently needs additional locomotives and equipment to move containers in the ports.

PAKISTAN

The Committee notes with deep concern events in Pakistan which suggest a step backward from the democratization process begun by the 1988 elections--in particular, the apparent role of the military in the dissolution of the elected government, the use of special courts which international human rights organizations

have charged violate due process and the independence of the judiciary, and the jailing without charge of hundreds of members of the Pakistan Peoples Party.

The Committee believes that the Pakistani people should be able to choose their own government in a free and fair election in which all legal parties may fully participate and all views may be freely expressed.

Therefore, the Committee has prohibited all economic support fund and military assistance to Pakistan unless the President certifies that Pakistan has held timely, free, fair, and internationally monitored National Assembly elections, the state of emergency was lifted and full civil liberties restored, the proceedings of the special courts did not interfere with the elections, and no elected member of the Assembly has been denied a seat for political reasons. Furthermore, any assistance to Paksistan is subject to the regular notification procedures of the Committees on Appropriations.

President Ishaq Khan has announced that elections will be held on October 24, 1990. The Committee believes it is important that the elections are held on or about that date in order to be considered timely. In determining whether candidates were allowed to participate fully in the election, the President should consider whether the special courts were used to prevent candidates from actively campaigning, whether candidates were allowed free access to the public, and whether jailing of party members without charge inhibited campaigning and was directed against a particular political party.

Philippines

The Committee is concerned that political violence in the Philippines during the last year, combined with mounting economic difficulties and a succession of natural disasters, has slowed progress toward development in the country.

Despite the extremely tight foreign assistance budget for fiscal year 1991, the Committee remains committed to helping the Philippines overcome these difficulties within the limits of available funds. The Committee, therefore, recommends an appropriation of $100,000,000 for the Philippine multilateral assistance initiative [MAI]. Unfortunately, due to budget constraints, the Committee's recommendation is further reduced from the $160,000,000 level provided for fiscal year 1990.

In an effort to give the President flexibility to respond to Philippine development needs, the Committee provides bill language empowering the President to transfer up to an additional $100,000,000 for the MAI from the economic support fund. This will enable the President to set priorities in the allocating of available ESF as between the Philippines and other potential recipients.

No consensus appears to exist on how best to address the social and economic inequities left over from the Marcos years. Communist and Moslem insurgencies persist in the countryside. Growing despair and disillusionment resulting from widespread poverty have given rise to increasing anti-Americanism. This year, numerous attacks upon Americans, many of them fatal, have led to heightened security around all U.S. military installations breeding

fear and resentment among U.S. military personnel and their families.

The United States seeks a fair, amicable, and early resolution of the differences between our two countries over the bases. The Committee notes the recent announcement by the U.S. negotiator that the focus of the negotiations henceforth will be arrangements for a transition period for U.S. withdrawal from the bases. The Committee reiterates its longstanding and deeply held view that United States foreign assistance to the Philippines must not be considered and equated with rent for the United States bases, for whatever period the United States may continue to use them.

Environment.—The Committee is disturbed by evidence that the administration has failed to fully live up to its pledge to make environmental protection a cornerstone of the U.S. contribution to the MAI. Despite assurances to the contrary, and repeated overtures made by the Committee, the administration appears unwilling, or incapable, of revamping the way it has traditionally practiced development in the Philippines.

For instance, AID continues:

—To emphasize urban development over rural development, thereby perpetuating, and often exacerbating, historic inequities in income distribution;

—To invest the overwhelming amount of its available resources in large-scale economic infrastructure projects over social infrastructure programs which directly benefit the poor;

—To stress structural adjustment programs over less glamourous, traditional grass-roots development initiatives of proven effectiveness; and

—To fail to work aggressively to develop locally owned and managed industries which can contribute to a lessening of import dependence and a reduction in the Philippines external debt.

—To fail to emphasize the environmental rehabilitation of degraded lands and the protection of threatened ecosystems, including coastal areas.

Such criticisms of AID policy are not new, nor are they revolutionary, nor are they limited to the Philippines. But they are perhaps best illustrated in the Philippines.

The Committee has been assured, repeatedly, by AID officials that its program for the MAI represent a new and creative approach to the development problems in the Philippines. This was how the MAI was originally promoted, and the basis upon which it was accepted by the Committee and its funding recommended. Unfortunately, these promises have not yet been realized.

The mandate of this Committee is clear. Before recommending the Philippine assistance package last year, the Committee reaffirmed its view that the conservation and rehabilitation of the Philippine natural resources base as a critical element in the MAI. To be sure, AID has taken some significant steps in environmental protection. First, the Manila mission has published a major document outlining a program for environmental action. Second, both AID Washington and the Manila mission have engaged American and indigenous nongovernmental organizations [NGO's] in the planning process. Third, a large sum of money has been allocated

by the mission for environmental programs, if not always spent wisely and according to plan.

The Committee remains convinced that the success of environmental programs in the Philippines rests on three pillars: increased public participation in the management of the natural resource base; that the economic benefits from the use of natural resources should accrue primarily to local communities; and full donor compliance with a national conservation plan. What the Committee seeks is balance in the AID program for the Philippines. It expects a program coordinated with the other MAI donors that is environmentally sound and carried out within the spirit and the letter of the guidelines set down by Congress and the Philippine Government.

The Committee believes it could be useful to set forth in more detail its specific intentions concerning environmental programs in the Philippine MAI. The Committee believes the Secretary of State and the Administrator of the Agency for International Development should give careful consideration to the following steps to strengthen the environmental component of the MAI:

—The appointment of a United States environmental coordinator to set environmental priorities and objectives for the United States contribution to the MAI and to facilitate communication and coordination between the respective government departments, bureaus, and agencies of the United States, and the Philippines. The environmental coordinator should involve other agencies of the U.S. Government in working groups to promote their involvement.

—A proposal to convene, along with the Government of the Philippines, an environmental summit in Manila in mid-1991 to serve as the focal point for efforts to engage the talents, ideas, and resources of the international community, both public and private entities, in developing a sound, coordinated, and comprehensive environmental strategy for the country.

—The enlistment of third-party cooperation through cooperative programs and arrangements with the United States which may have applicability to the environmental needs of the Philippines. Third country scientists and development experts with expertise in technologies adaptable to the Philippines should be invited to join in designing and implementing projects utilizing their special skills. AID should pursue this idea with, among others, the Office of International Cooperation and Development [OICD] and the Foreign Extension Service of the Department of Agriculture [USDA].

—Exploration of the feasibility of a campaign, in coordination with the Philippine Government, to identify and preserve endangered species and habitat from imminent destruction.

—Giving high priority to reducing the rate of population growth.

—Development of environmental training opportunities in sustainable agriculture as well as environmental protection and conservation. AID, in conjunction with the Government of the Philippines, should examine ways to heighten public awareness, and enlist public action in support of environmental initiatives.

The Committee requests the Secretary of State and the Administrator of AID to provide a report to the Committee by April 15, 1991, on measures they are taking in response to the Committee's recommendations, as well as to strengthen the environmental foundation of U.S. participation in the MAI. This report could prove very useful to the Committee as it considers further funding for the MAI in the future.

Human rights.—The Committee emphasizes that its concern for human rights and poverty alleviation in the Philippines is as strong as its commitment to stopping and reversing destruction of the environment.

According to human rights organizations, abuses throughout the country increased last year. Both the Government and the insurgents were to blame. The Committee shares the House Committee's concern about repeated military operations in the countryside which have driven hundreds of thousands of people from their homes. There are frequent reports of indiscriminate bombing of communities, causing extreme suffering among civilians.

There are reports that the military was responsible for the murders of two development workers in Samar.

Torture, disappearances, and extrajudicial killings continue unabated, and the Philippine Government has failed to bring the perpetrators to justice. According to human rights organizations, the government Commission on Human Rights [CHR] has not proven to be an effective defender of human rights. In the unlikely event that a case is prosecuted, the assignment of human rights cases to military tribunals has assured exoneration of the offenders.

Last year, in an attempt to find ways of addressing these serious deficiencies in the Philippine justice system, the Committee directed AID to produce a report on the feasibility of developing an Administration of Justice [AOJ] program for the Philippines. The results were very positive. In keeping with its recommendations, the Committee expects AID to follow through on developing an AOJ program for the Philippines and to report back to the Committee, no later than April 15, 1991, on its plans for this initiative. The Committee wishes to be consulted before any AOJ program is initiated in the Philippines.

The Peace Corps.—The Committee is concerned by the termination of the Peace Corps program in the Philippines as a result of the recent threats and the kidnapping of a volunteer. Besides being one of its largest and most successful country programs—numbering some 240 volunteers—the Peace Corps presence in the Philippines was one of the symbols of close bilateral cooperation between our two peoples. The Committee looks forward to the reestablishment of the Peace Corps presence, but supports the decision of the Director to suspend operations pending an improvement in the overall security situation.

Street children.—The Committee continues to support efforts by Childhope and UNICEF to bring food, clothing, shelter, health care, and education to the street children of the Philippines. As in so many other parts of the world, the estimated 1,200,000 children which are working and/or living on the streets throughout the Philippines deserve a chance to escape poverty.

Philippines tax treaty.—The Committee is aware of the ongoing dispute between American concerns and the Government of the Philippines over certain tax payments. It has been the view of this Committee over the years that the Unites States should encourage direct investment in the Philippines in order to bolster its economy. For this kind of activity to continue, however, longstanding treaties must be adhered to and rules and regulations must be clear, consistent, and equitably enforced. The Committee is concerned that the Government of the Philippines appears at this time not to be living up to the requirements of the United States-Philippines tax treaty. Therefore, the Committee expects the administration to withhold foreign assistance until the Government of the Philippines honors its obligations under this treaty and resolves the pending treaty dispute expeditiously.

The failure on the part of the Government of the Philippines to do so could even more adversely affect relations between our two countries.

Disaster assistance.—The Committee expresses its sympathy to the people of the Philippines for the earthquake disaster which struck their country in July. In total, 1,600,000 people were affected by the quake and its aftermath. The Committee recognizes the impact of this disaster on the country's development plans and supports current efforts to bring immediate and long-term relief to the areas most severely affected. The Committee is dismayed by reports that the Philippine military may have requested reimbursement from the United States Government for the aid it provided to victims of the earthquate disaster. The Committee is opposed to any suggestion of reimbursement.

MAI projects in Mindanao.—As an example of what the Committee believes to be a misplaced priority of the MAI, the Committee wishes to express its concerns about problems with the South Cotabato project in Mindanao. This project involves substantial infrastructure development, including harbor construction, agriculture and fish processing facilities, and paving of roads, specifically the road going from Surallah to Lake Sebu.

The Committee believes the potential for environmental and social damage in this project is great. Funding for all infrastructure elements of the South Cotabato project, including the roads, should be contingent on the completion and analysis of environmental impact assessments, regardless of the possibility that other countries might supply funding for these projects. This funding should also be based on sound economic data showing in what manner and to what extent such projects will directly benefit the rural poor who inhabit that region, particularly marginalized fishermen and farmers. Of particular interest to the Committee is how those people's income is projected to change in the future, as well as their access to basic services such as health care and education. The Committee expects AID to submit a report containing this information for the South Cotabato project by April 15, 1991. This report will be taken into account in any future Committee action relating to the South Cotabato project. Finally, the Committee expects that local communities which are most likely to be affected by such projects will have adequate opportunity to comment before any decision on funding is made.

The Committee understands that AID has included in the project identification document [PID] for Mindanao, a recommendation for an independent review and assessment of the environmental impacts resulting from the development to take place, and to determine necessary future infrastructure needs. The Committee welcomes such a review process and directs AID to ensure that this evaluation also examines the social impact and economic distribution effects on the rural and urban poor.

SOMALIA

The Committee continues to be appalled by the human rights behavior of the Siad Barre government. Torture and extrajudicial killings by government security forces continue unabated. Like the House and for the reasons described in the House Appropriations Committee report, the Committee sees no justification for the provision of any military assistance, including IMET, to Somalia. The administration has ended all development and economic assistance and any request to resume such assistance is subject to the regular notification procedures of the Committee on Appropriations.

SUDAN

Each year for the past several years the Committee has expressed its alarm about events in Sudan. Drought, famine, rampant human rights abuses, government corruption and incompetence, persecution of political dissidents, unending political, religious, and tribal violence—Sudan in recent years has suffered virtually every calamity known to humanity. The policies of the current Sudanese Government have only made matters worse. The administration has stopped providing economic and military assistance to Sudan, although relief efforts continue to the hundreds of thousands of displaced Sudanese. The Committee sees no basis for resuming assistance as long as the Sudanese Government continues to ignore the basic needs of its people, and refuses to act aggressively to improve human rights and find a political settlement of the war.

TUNISIA

The Committee considered earmarking economic and military assistance for Tunisia at last year's request level. However, in view of Tunisia's abstention in the recent vote of the Arab League to condemn Iraq's invasion of Kuwait, and its refusal to contribute financially, politically, diplomatically, or militarily, to the multinational Arab force now in Saudi Arabia, the Committee has declined to recommend specific assistance levels for Tunisia. The Committee leaves the President full discretion to determine whether and how much assistance to provide Tunisia, and fully expects he will take into account Tunisia's policy and actions toward the Persian Gulf crisis.

Human rights.—The Committee commends steps toward instituting genuine democracy in Tunisia. The elections held in April 1989, reportedly were Tunisia's most open and free since achieving independence in 1956. Since then, most political parties and associations have been legalized, including the independent Democratic

Women's Association. The Department of State cited these and other significant improvements in its human rights report for 1989.

The Committee is concerned, however, by recent reports that a number of Jewish citizens on the island of Djerba, including pregnant women and children, were severely beaten while being taken into custody by Tunisian police authorities. The Committee urges in the strongest terms that the Tunisian Government allow independent human rights observers to investigate the situation of the Jews of Djerba and punish those involved in abuses against the people there.

ZAIRE

In its report last year the Committee expressed serious concerns about ongoing abuses of human rights by Zairian security forces as well as reports of rampant official corruption.

A fleeting period of optimism in May of this year when President Mobutu promised democratic reforms was followed by his announcement that the reforms would be delayed. Shortly thereafter, international human rights organizations reported a brutal attack in Lumbumbashi by members of Mobutu's security forces against prodemocracy students reportedly resulting in numerous deaths. The Committee has received numerous reports from reputable human rights organizations detailing a continuous pattern of human rights abuses by Zairian security forces.

The Committee does not believe it is in the interests of the United States to provide financial support to a corrupt government that continues to flagrantly violate fundamental human rights. While the Committee recognizes the dire needs of the Zairian people who are among the poorest in the world, it cannot support aid that legitimizes or supports the Mobutu regime. Accordingly, the Committee has included bill language requiring that all development assistance be provided only through nongovernmental organizations directly, or with government ministries carrying out programs responding to basic human needs. Thus, except as noted below for child survival, development funds obligated by agreement with the government could only be made available for Zaire by nongovernmental organizations working alone or with relevant government ministries. The Committee includes language exempting child survival activities from the prohibition on development assistance going to the Zaire Government. The Committee recognizes that AID has an important child survival project which operates through the Government, and does not wish to disrupt its activities.

In addition, the Committee recommends prohibiting any military assistance or economic support funds to Zaire.

TITLE I

MULTILATERAL ECONOMIC ASSISTANCE

International Financial Institutions Summary

Appropriations, 1990	$1,608,587,696
Budget estimate, 1991	1,816,891,137
House allowance	1,685,890,473
Committee recommendation	1,747,764,487

The Committee recommends a total level of funding for budget authority shown above for the eight international financial institutions funded by this bill—the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Inter-American Development Bank, the Asian development fund, the African development fund, the African Development Bank, European Bank for Reconstruction and Development, and the enhanced structural adjustment facility of the international monetary fund.

U.S. INTERESTS IN PARTICIPATION IN THE MDB'S

The United States played a central role in establishing the multilateral development banks [MDB's] and has always been a strong supporter of these institutions. They are among the most effective means by which the United States can promote economic development abroad, since our contributions to the MDB's leverages millions of dollars in additional contributions from other donors.

While the MDB's have often been criticized, including by this Committee, for not doing enough to alleviate poverty or protect the environment, they serve important U.S. interests in alleviating poverty and fostering economic growth in the Third World. The Committee believes that by supporting these institutions we can promote market-oriented growth, which leads to increased economic and political stability, as well as stronger export markets for American products.

The Committee wishes to emphasize that its support for these institutions is not unqualified. The MDB's do not enjoy a strong constituency among the American public, especially because of their record of funding large infrastructure projects which damage the environment and do little to address the root causes of underdevelopment. Unless the MDB's become much more responsive to the pressing global problems of poverty, environmental degradation, and uncontrolled population growth, the Committee's continued support for the MDB's cannot be taken for granted.

ENVIRONMENTAL CONCERNS

In past years, the Committee has attempted through legislation and accompanying reports to influence MDB policies and activities on the environment. While there have been improvements, the MDB's performance is still far from satisfactory. The pressure on MDB staffs to generate loans results in far more funds going for the traditional large, costly infrastructure projects than for less conventional environmentally sensitive, energy-saving activities.

The Committee notes that of the $3,800,000,000 in energy sector lending by the World Bank in fiscal year 1989, only $9,200,000 went for geothermal and $300,000 for solar and wind power projects. Nonhydro renewable energy lending amounted to a meager seven-tenths of 1 percent of total World Bank energy lending.

Last year the Committee launched a major environmental initiative to reduce global warming. That initiative contained instructions on energy and forestry conservation for AID and the MDB's. While there has been a noticeable reduction in lending for projects which destroy vast areas of tropical forests as occurred in the past, the MDB's are still doing too little to promote environmental conservation and restoration which are essential to sound economic development. Too often, forest management projects have, in reality, financed the extraction of vast amounts of timber, and energy projects have focused on traditional fossil fuel powerplant production rather than on promoting renewable energy and end-use efficiency.

Rather than propose extensive new legislation on the environment this year, the Committee has chosen to reiterate its expectation that the Treasury Department will comply fully with the provisions in last year's legislation concerning the MDB's performance on the environment. If the MDB's respond positively to these recommendations, the benefits to the environment will be substantial and the willingness of the Committee to support the MDB's will increase. The Committee expects to receive a copy of the same report on this subject requested by the House Committee no later than March 1, 1991. That report should include a description of U.S. efforts to promote lending for energy conservation and renewable energy in each MDB.

INTERNATIONAL DEBT CRISIS

In its report last year the Committee expressed alarm at the staggering international debt burden facing the Third World. The House Committee has included an exhaustive discussion of this issue in its report and the Committee will not repeat that discussion, with much of which it is in agreement. However, the Committee does want to emphasize its concern about the increasing use of the international financial institutions [IFI's], particularly the World Bank and the International Monetary Fund, to provide lending in the context of international debt agreements, coupled with the virtual cessation of commercial bank lending to many debtor governments. While there are important arguments for the IFI's playing a major role in debt management, this has shifted some of the burdens and risks of the debt crisis to the IFI's. To that extent,

contributions to these institutions are being used to repay commercial bank debt rather than for long-term economic development in countries where poverty is worsening.

The Committee can hardly expect an overburdened foreign assistance program to be the driving force for a solution to the international debt crisis. Any such solution will require a strategy jointly arrived at by the administration, the Congress, and the commercial banks, and coordinated with the other donor countries and the MDB's. However, the Committee wishes to again express its unwillingness to support any policy in which a central element is using the MDB's to cycle multilateral development assistance contributions back through commercial banks which accepted the risk by extending the bulk of these loans in the first place.

International Bank for Reconstruction and Development

Appropriations, 1990	$49,785,792
Budget estimate, 1991	110,592,409
House allowance	50,000,795
Committee recommendation	110,592,409

The Committee recommends an appropriation of $110,592,409 for the paid-in capital and $2,899,610,241 for the callable capital. The House recommended $50,000,795 for the paid-in capital and $1,619,692,365 for the callable capital.

EMPLOYEE COMPENSATION

The Committee is growing increasingly concerned about the exceptionally generous salaries and benefits accorded to Bank employees. It is no secret that the World Bank does not have a large constituency in the United States. While the American people strongly support assistance to reduce poverty overseas, they will not countenance a bank whose employees enjoy ever increasing salaries, perquisites, and exemptions even while poverty and misery in the countries they are supposed to be helping worsen. The Bank does not help its case for continued support from the Committee when some of its profits are being spent on first-class travel and luxurious accommodations for its employees.

FAMILY PLANNING

Last year in its report, the Committee expressed concern about the minor role the Bank has played in international family planning assistance. The Committee continues to believe that the Bank, with its enormous financial resources, is vital to helping developing countries control population growth. According to the Bank's own statistics, during fiscal year 1988–89 its lending for family planning activities in sub-Saharan Africa, where economies are declining and populations are doubling in a majority of countries in less than 25 years, was only about $15,000,000 of which $12,000,000 was for Kenya. The Committee believes strongly that whatever economic growth can be generated in these and other developing countries will be short-lived if these skyrocketing rates of population growth are not quickly brought under control. It is incumbent on the World Bank, with its enormous resources, to make this a first priority in dollars as well as rhetoric.

The Committee once again urges the Bank to substantially increase the number of staff assigned to work on population programs, and requests the U.S. Executive Director to the Bank to submit a report by September 30, 1991, detailing total Bank lending for family planning activities during the Bank's prior fiscal year and the allocation of these loan funds by country.

HUMAN RIGHTS

The Committee is very concerned by the failure of World Bank management to take into account the human rights record of governments that seek bank loans. The Committee shares the view that the Bank cannot continue to ignore the interconnection between market economies and political freedoms, and the importance that the United States, the Bank's largest contributor, gives to human rights throughout the world. The Committee notes, by way of example, that despite the deplorable human rights record of the Government of Sudan, in 1989 the Bank approved an $82,200,000 loan for road construction in that country. The Committee is very concerned that such assistance has directly or indirectly helped perpetuate inequitable policies and benefited governments that hold power only by force of arms.

The Committee believes strongly that when governments engage in a pattern of gross violations of internationally recognized human rights the Bank should limit lending to only those purposes which directly meet basic human needs. The Committee notes that the United States abstained in several votes on loans to Somalia and Sudan in the past year. The Committee does not believe abstention adequately expresses the revulsion of the American people toward governments whose human rights records are deplorable by any standard. The Committee once again directs the Secretary of the Treasury to instruct the executive directors to the World Bank and other MDB's to actively oppose loans to such countries except for basic human needs.

CHINA

The Committee has included bill language requiring the President to withhold the United States proportionate share of any non-basic human needs loans approved for China since January 1, 1990, unless the President determines that it is not in the national interest to do so.

Tables reflecting U.S. contributions to the World Bank, as well as the current replenishment of these resources, follow:

ACTUAL U.S. SUBSCRIPTIONS

[Dollars in millions]

Through fiscal year 1990	Total	U.S. share	U.S. percent of total
Paid-in	$10,751.3	$1,682.6	15.65
Callable	130,937.5	20,491.7	15.65
Total	141,688.8	22,174.3	15.65

CURRENT REPLENISHMENT

[Dollars in millions]

Through fiscal year 1990	Total	U.S. share	United States as a percent of total	Appropriated U.S. share	Appropriated percent of U.S. share
Paid-in	$2,244.0	$420.8	18.7	$99.8	23.7
Callable	72,556.0	13,604.5	18.7	3,902.6	28.6
Total	74,800.0	14,025.3	18.7	4,002.4	28.5

International Development Association

Appropriations, 1990	$960,850,500
Budget estimate, 1991	1,064,149,500
House allowance	1,064,149,500
Committee recommendation	1,064,149,500

The Committee recommends an appropriation of $1,064,149,500 for the International Development Association [IDA], the soft loan window of the World Bank, the same as the administration request and the House recommendation.

The Committee also recommends a provision in the bill which requires the President to reduce the amount of the United States contribution to the IDA the proportionate United States share of any loans approved for China since January 1, 1990, for any other purpose than meeting basic human needs.

Tables reflecting U.S. contributions to the IDA, as well as the current replenishment of these resources, follow:

ACTUAL CONTRIBUTIONS

[Dollars in millions]

Through fiscal year 1990	Total	U.S. share	U.S. percent of total
Contribution	$54,085.3	$14,613.8	27.0

CURRENT REPLENISHMENT

[Dollars in millions]

Through fiscal year 1990	Total	U.S. share	United States as a percent of total	Appropriated U.S. share	Appropriated percent of U.S. share
8th replenishment	$12,396.0	$2,875.0	23.2	2,870.9	99.8
9th replenishment	14,725.0	3,180.0	21.6		

International Finance Corporation

Appropriations, 1990	$74,606,500
Budget estimate, 1991	40,330,972
House allowance	40,330,972
Committee recommendation	40,330,972

The Committee recommends an appropriation of $40,330,972 for a U.S. contribution to the IFC, the same as the administration re-

quest and the House recommendation. The IFC, which is a member of the World Bank Group, was established to further economic development by promoting private sector enterprises in its member countries.

At a time when many developing countries are moving rapidly to reform their economies to promote free markets and private ownership, the IFC, which blends loans and technical assistance with equity investments, can play a key role in this process. With this growing demand for private sector resources the Committee supports the discussions on a new capital increase for the IFC.

The Committee commends the IFC for its efforts to reach smaller African businesses through its African Project Development Facility. Too often, smaller African businesses do not have the means to attract outside investment. The APDF has provided essential help in linking these smaller businesses with commercial lenders.

The Committee also is encouraged by the establishment of environmental guidelines to review potential investments. However, the Committee wants the IFC to do more by actually investing in and fostering the growth of environmental cleanup companies in the developing world, especially in Eastern Europe where several new members have joined the IFC and the pollution problems are so acute.

Inter-American Development Bank

FUND FOR SPECIAL OPERATIONS

Appropriations, 1990	$63,450,613
Budget estimate, 1991	20,850,016
House allowance	20,850,016
Committee recommendation	20,850,016

INTER-REGIONAL PAID-IN CAPITAL

Appropriations, 1990	$31,482,026
Budget estimate, 1991	57,449,324
House allowance	57,449,324
Committee recommendation	57,449,324

THE INTER-AMERICAN INVESTMENT CORPORATION [IIC]

Appropriations, 1990	
Budget estimate, 1991	$25,500,000
House allowance	13,000,000
Committee recommendation	

LIMITATION ON CALLABLE CAPITAL

Appropriations, 1990	
Budget estimate, 1991	($2,235,076,561)
House allowance	(2,235,076,561)
Committee recommendation	(2,235,076,561)

The Committee recommends an appropriation of $57,449,324 for the paid-in capital, $20,850,016 for the fund for special operations, and a limitation of $2,235,076,561 for the callable capital, the same as the administration request and the House recommendation. Because of constraint on outlays, the Committee provides no funds for the Inter-American Investment Corporation. This action is driven

by budgetary pressures, and is without prejudice to future administration requests. The administration requested $25,000,000 for the IIC and the House recommended $13,000,000.

Last year's foreign aid appropriations bill contained a requirement that no funds be provided to the IDB until the Secretary of the Treasury certified that the Board of Governors of the IDB had adopted a resolution prohibiting borrowers from discriminating on the basis of nationality in procurement of goods and services.

The Committee notes that on September 24, 1990, it received the required certification from the Secretary of the Treasury. Accordingly, it has not included similar language in the fiscal year 1991 bill. However, like last year, the Committee expects the U.S. Executive Director to the IDB to oppose any IDB assistance to any recipient who refuses to agree in writing that in general any procurement of goods or services utilizing IDB funds shall be conducted in a manner which does not discriminate on the basis of nationality against any member country, firm, or person interested in providing such goods or services.

Tables reflecting U.S. contributions to the IDB, as well as the current replenishment of these resources, follow:

ACTUAL U.S. SUBSCRIPTIONS

[Dollars in millions]

Through fiscal year 1990	Total	U.S. share	U.S. percent of total
Paid-in	$2,656.4	$920.0	34.6
Callable	31,889.4	11,044.1	34.6
FSO	8,387.6	4,630.1	55.2
IIC	121.0	25.5	21.1
Total	43,054.3	16,619.7	38.6

CURRENT REPLENISHMENTS

[Dollars in millions]

Through fiscal year 1990	Total	U.S. share	United States as a percent of total	Appropriated U.S. share	Appropriated percent of U.S. share
(a) IDB–6:					
Paid-in	$668.3	$232.0	34.7	$231.9	99.9
Callable	14,180.8	4,923.9	34.7	4,923.9	100.0
FSO	702.6	290.0	41.3	289.7	99.8
Total	15,551.7	5,455.9	35.0	5,445.5	99.8
(b) IDB–7:					
Paid-in	661.0	229.8	34.7		
Callable	25,770.1	8,940.3	34.7		
FSO	200.0	82.3	41.2		
Total	26,631.1	9,252.4	34.7		

Asian Development Bank and Fund

Appropriations, 1990	$174,972,914
Budget estimate, 1991	301,809,000
House allowance	243,900,000
Committee recommendation	271,382,000

The Committee recommends the appropriation of $271,382,000 for the soft-loan window of the Asian Development Bank, known as the Asian development fund, the same as the administration request. The House recommended $243,900,000.

Tables reflecting U.S. contributions to the ADB, as well as the current replenishment of these resources, follow:

ACTUAL SUBSCRIPTIONS/CONTRIBUTIONS

[Dollars in millions]

Through fiscal year 1990	Total	U.S. share	U.S. percent of total
Paid-in	$2,274.1	$340.6	15.0
Callable	16,024.5	2,399.8	15.0
Asian Development Fund	10,833.5	1,557.5	14.4
Total	29,132.1	4,297.9	14.8

CURRENT REPLENISHMENT

[Dollars in millions]

Through fiscal year 1990	Total	U.S. share	United States as a percent of total	Appropriated U.S. share	Appropriated percent of U.S. share
Paid-in	$404.7	$66.2	16.3	$66.1	100.0
Callable	7,688.8	1,256.8	16.3	1,256.8	100.0
Asian Development Fund (V)	3,600.6	584.3	16.2	282.5	48.3
Total	11,694.1	1,907.3	16.3	1,605.4	84.2

African Development Fund

Appropriations, 1990	$104,548,500
Budget estimate, 1991	105,451,500
House allowance	105,451,500
Committee recommendation	105,451,500

The Committee recommends $105,451,500 for the African development fund, the soft-loan window of the African Development Bank, the same as the administration request and the House recommendation. This request is for the third installment of the U.S. contribution to the fifth replenishment of the fund.

As the Committee has highlighted throughout this report, uncontrolled population growth has a direct bearing on development efforts. This problem is particularly acute in sub-Saharan Africa where women give birth more often than in any other region of the world.

During its history the ADB has virtually ignored this crisis. A 1986 ADB education policy paper stated that "[p]opulation control as an issue will receive a great deal of attention in the Bank

Group's education financing policy. In this respect, emphasis will be given to projects aiming at diffusing family planning and enhancing demographic analysis capability in member countries." Four years later, lending for family planning activities is still a negligible portion of ADB's portfolio.

The Committee recommends that as U.S. representatives negotiate the sixth replenishment of the African development fund, they emphasize the importance and absolute necessity of family planning lending as a major component of Bank Group lending. The Committee will pay close attention to the ADF's support for family planning in the future.

Tables reflecting U.S. contributions to the ADF, as well as the current replenishment of these resources, follow:

ACTUAL CONTRIBUTIONS

[Dollars in millions]

Through fiscal year 1990	Total	U.S. share	U.S. percent of total
Contribution	$5,289.7	$734.5	13.9

CURRENT REPLENISHMENT

[Dollars in millions]

Through fiscal year 1990	Total	U.S. share	United States as a percent of total	Appropriated U.S. share	Appropriated percent of U.S. share
5th replenishment	$2,700.0	$315.0	11.8	$209.5	66.5

African Development Bank

Appropriations, 1990	$9,492,851
Budget estimate, 1991	10,135,766
House allowance	10,135,766
Committee recommendation	10,135,766

The Committee recommends an appropriation of $10,135,766 for the paid-in capital of the African Development Bank and a limitation of $135,389,294 for the callable capital, the same as the administration request and the House recommendation.

Tables reflecting U.S. contributions to the ADB, as well as the current replenishment of these resources follow:

ACTUAL SUBSCRIPTIONS

[Dollars in millions]

Through fiscal year 1990	Total	U.S. share	U.S. percent of total
Paid-in	$1,945.5	$115.7	5.95
Callable	11,330.4	674.0	5.95
Total	13,275.9	789.7	5.95

CURRENT REPLENISHMENT (FOURTH GCI)

[Dollars in millions]

Through fiscal year 1990	Total	U.S. share	United States as a percent of total	Appropriated U.S. share	Appropriated percent of U.S. share
Paid-in	$810.0	$45.0	5.5	$25.9	57.6
Callable	12,190.0	674.6	5.5	404.2	59.9
Total	13,000.0	719.6	5.5	430.1	59.8

[1] Subscribed subject to a program limitation; in the event a call were necessary appropriations would still be required.

European Bank for Reconstruction and Development

Appropriations, 1990	
Budget estimate, 1991	$70,020,600
House allowance	70,020,600
Committee recommendation	56,820,600

The Committee recommends an appropriation of $56,820,600 for the EBRD, and a limitation of $163,381,400 on the callable capital, the same as the administration request and the House recommendation. This recommendation reflects the Committee's belief that the EBRD will become the principle engine driving the transition of the Eastern European countries to market economies and stable democracies. The Committee believes the United States has a strong interest in playing a central role in that transition.

SOVIET MEMBERSHIP

The Committee is aware of the controversy regarding the membership of the Soviet Union in the EBRD. Indeed, members of the Committee have expressed opposition to a United States contribution to the EBRD for this reason, among others. However, the Committee believes that the limitation on Soviet borrowing to the amount of its contribution over 3 years provides for a transitional testing period to determine how the Soviet Union will conduct its affairs in relation to the Bank.

HUMAN RIGHTS

The Committee notes that the EBRD's charter contains a commitment, unique in the history of the MDB's, to "the fundamental principles of multiparty democracy, the rule of law, respect for human rights, and market economies." This commitment reflects a recognition of the linkages between democracy and human rights and economic development, and that the traditional distinction between political and economic considerations is no longer relevant.

The Committee believes that in order to implement these important human rights concerns, the EBRD should establish human rights staffing and criteria within its operations. Such a human rights department would function in much the same way as the environmental departments within several existing MDB's, providing assessments of the human rights implications of proposed Bank loans and investments. The Committee strongly urges the Secretary of the Treasury to seek to ensure that procedures and mecha-

nisms are established such that EBRD lending is consistent with its commitment to human rights.

ENVIRONMENTAL CONCERNS

The Committee is encouraged that the EBRD's articles of agreement include a commitment to ensure environmentally sound and sustainable development. The articles also require reports on the environmental impact of the Bank's lending operations. The Committee notes with concern that the Bank's articles do not include a commitment to environmental restoration.

The Committee is deeply concerned about the severe degradation of the environment throughout much of Central and Eastern Europe, and believes that environmental protection and restoration are crucial to the region's future development. In many areas, environmental deterioration is so severe that extensive cleanup will be necessary before new economic development can begin.

The Committee believes the EBRD has a responsibility to use its lending operations to help restore the natural resource base of the Eastern European countries. The EBRD should both ensure that efforts to broaden private sector activities in Eastern Europe will not further aggravate the existing environmental crisis, and actively promote economic activities which will contribute to the restoration of the environment in the region.

The Committee, therefore, has included bill language directing the Secretary of the Treasury to seek establishment of procedures and policies for environmental assessment of proposed EBRD operations with potentially significant environmental impact, agreement that a significant portion of EBRD funds are devoted to environmental protection and restoration, and establishment of an environmental unit with sufficient staff to review proposed projects and monitor compliance with environmental provisions.

The Secretary is also to seek to ensure that these procedures include consultation with, and involvement of, the public and interested nongovernmental organizations on Bank operations, including an opportunity for comment by local communities which may be affected by Bank operations. Too often, MDB projects with disastrous environmental consequences and causing the dislocation of thousands of local people have gone ahead without prior consultation with the very people who stand to be most affected.

Finally, the Committee has directed the Secretary to seek establishment of an environmental fund to provide support for technical assistance and other purposes in order to strengthen the ability of these countries to address these difficult environmental problems in the future.

Because environmental protection and restoration are so urgently needed in other regions of the world, the Committee further directs the Secretary of the Treasury to apply these same recommendations with respect to the other MDB's to the fullest extent possible.

IMF: Enhanced Structural Adjustment Facility

Appropriations, 1990	$139,398,000
Budget estimate, 1991	10,602,000
House allowance	10,602,000
Committee recommendation	10,602,000

The Committee recommends an appropriation of $10,602,000 for the ESAF, the currently authorized level for the U.S. contribution to this fund. Last year, the Congress provided $139,398,000 for the ESAF, which is designed to ameliorate the social and economic impact of structural adjustment programs in the poorest countries. Many countries have experienced serious social and economic upheaval as a result of such adjustment programs. The Committee believes that if the United States and other donor countries expect the poor countries to undertake such austerity measures they must provide assistance to the most vulnerable people in those countries during the transition period. The Committee urges the administration to agree to additional U.S. contributions to the ESAF in the future.

The Committee endorses the views expressed by the House Committee in its report concerning section 572 of Public Law 100-461, which authorizes the President to forgive certain debts owed to the United States by the least developed countries. To date, the administration has only used this authority to assist the sub-Saharan countries, although the legislation contains no such restriction. The Committee encourages the administration to extend the debt relief contemplated in section 572 to other needy least developed countries.

VOLUNTARY CONTRIBUTION TO INTERNATIONAL ORGANIZATIONS AND PROGRAMS

Appropriations, 1990	$260,695,005
Budget estimate, 1991	225,000,000
House allowance	268,750,000
Committee recommendation	284,730,000

The Committee recommends a total of $284,730,000 for this account, including the International Fund for Agricultural Development. The House recommended $268,750,000. The administration requested $225,000,000, a reduction of over $35,000,000 from last year's appropriation.

Among the programs for which the administration proposes no U.S. contribution in fiscal year 1991 are the International Union for the Conservation of Nature, the U.N. Development Fund for Women, the U.N. International Research and Training Institute for the Advancement of Women, the U.N. Center for Human Settlements, the World Food Program, and the U.N. Fellowship Program.

The Committee is disappointed that the administration did not propose contributions to these valuable international humanitarian and development programs. The Committee believes the United States has a strong interest in supporting and strengthening the efforts of the United Nations voluntary agencies, and has, therefore, earmarked a U.S. contribution for fiscal year 1991 for each of these programs.

The following table shows the Committee's recommendations by program:

VOLUNTARY CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS AND PROGRAMS

Program	Fiscal year 1990 appropriation	Fiscal year 1991 request	House allowance	Committee recommendation
U.N. Development Program [UNDP]	$107,752,000	$108,500,000	$104,000,000	$109,000,000
U.N. Children's Fund [UNICEF]	64,350,000	50,000,000	75,000,000	75,000,000
International Atomic Energy Agency [IAEA]	21,646,000	24,000,000	23,555,000	23,555,000
U.N. Environment Program [UNEP]	11,807,000	10,000,000	15,800,000	15,800,000
OAS Development Assistance	9,839,000	10,000,000	10,000,000	10,000,000
U.N. Afghan Emergency Assistance	13,283,000	6,500,000	6,500,000	6,500,000
International Convention and Scientific Organization Contributions	1,967,000	2,000,000	2,000,000	2,000,000
World Meteorological Organization	1,968,000	2,000,000	2,000,000	2,000,000
U.N. Capital Development Fund [UNCDF]	1,476,000	2,000,000	2,000,000	2,000,000
International Tropical Timber Organization		1,000,000	1,000,000	1,000,000
U.N. Educational and Training Program for Southern Africa [UNETPSA]	788,000	800,000	800,000	800,000
UNIDO Investment Promotion Service	492,000	500,000	500,000	500,000
WMO Special Fund for Climate Studies		500,000	500,000	500,000
Tropical Forestry Action Plan [TFAP]		500,000		500,000
Convention on International Trade in Endangered Species [CITES]	738,000	500,000	750,000	750,000
U.N. Trust Fund for Southern Africa [UNTFSA]	492,000	250,000	500,000	500,000
International Panel on Climate Change	98,000	100,000	200,000	200,000
International Union for Conservation of Nature			680,000	680,000
U.N. Voluntary Fund for Victims of Torture [UNVFVT]	98,000	100,000	100,000	100,000
U.N. Development Fund for Women [UNIFEM]	787,000		800,000	800,000
U.N. Fellowship Program	241,000		245,000	245,000
World Heritage Fund [WHF]	216,000		220,000	450,000
World Food Program [WFP]	964,000		1,000,000	1,000,000
U.N. Trust Fund for International Research and Training Institute for the Advancement of Women [INSTRAW]	197,000		200,000	200,000
U.N. Institute for Namibia [UNIN]	107,000			
U.N. Center on Human Settlements [HABITAT]	393,000		400,000	400,000
U.N. Fund for Drug Abuse Control [UNFDAC]				
International Civil Aviation Organization				
U.N. Conference on Trade and Development				
U.N. Economic and Social Commission for Asia and the Pacific [ESCAP]				
Ramsar Convention on Wetlands				250,000
Subtotal, United Nations	239,699,000	219,250,000	248,750,000	249,730,000
International Fund for Agricultural Development [IFAD]	34,438,000	6,250,000	20,000,000	30,000,000
Total, international organizations and programs	274,137,000	225,500,000	268,750,000	289,730,000

TROPICAL FORESTRY ACTION PLAN

The Committee was reluctant to provide funding for the tropical forestry action plan in fiscal year 1991. As currently structured, TFAP has the potential to exacerbate current rates of natural forest destruction in participating countries.

However, the Committee believes that, if properly restructured, TFAP could help to reduce deforestation and protect biological diversity and the livelihoods of indigenous people. Therefore, in the interests of encouraging reform of the TFAP process, the Committee has included an earmark of $500,000 for TFAP, to be administered by the State Department in close consultation with AID, the

Forest Service, the Treasury Department, the Environmental Protection Agency, and nongovernmental organizations. The Committee has included bill language requiring that these funds are to be made available only if the parties to TFAP agree to substantial restructuring of the plan, including the creation of an international steering committee, outside of the Food and Agriculture Organization, to oversee the TFAP process. The funds are subject to the Secretary of State's certification and report on the restructuring of the TFAP.

U.N. CAPITAL DEVELOPMENT FUND

The Committee recommends an earmark of $2,000,000 for the U.N. Capital Development Fund. The Committee expresses its strong support for the unique role served by the UNCDF. With a very modest budget, the UNCDF has given invaluable support to the self-help efforts of a wide variety of local enterprises in the poorest countries. The Committee hopes that a U.S. contribution will encourage other donor countries to increase their support for this important voluntary agency.

U.N. CHILDREN'S FUND

The Committee has earmarked not less than $75,000,000 for UNICEF. This is $25,000,000 above the administration's request and $10,650,000 above last year's appropriation.

The Committee's recommendation reflects its strong support, and the strong support of the American people, for UNICEF's efforts on behalf of needy children throughout the world. The administration's fiscal 1991 request directly contradicts the Congress' amply demonstrated intent to strengthen UNICEF's child survival activities.

The Committee applauds UNICEF for its central role in promoting the World Summit for Children at the United Nations in September 1990. Every year 14 million children die, two-thirds of whom could be saved through readily available and inexpensive preventive health measures. UNICEF estimates that the cost of immunizing 90 percent of young children, reducing infant mortality by one-third and maternal mortality by one-half, eradicating polio and providing access for all children to primary education, is $2,500,000,000 annually, or less than the world's military expenditures for 1 day. The Committee expects AID's development strategy for the 1990's to be fully supportive of the goals established at the World Summit for Children. The Committe hopes the summit will lead to prompt ratification of the Convention on the Rights of the Child in the United States and elsewhere.

U.N. ENVIRONMENT PROGRAM

The Committee has earmarked $15,800,000 for the United Nations Environment Program, of which $9,200,000 is for UNEP's environmental fund. The remaining $5,000,000 is to be used to support other multilateral environmental activities such as the Vienna Convention for Protection of the Ozone Layer, the Cartegena Convention for the Protection and Development of the Marine

Environment of the Wider Caribbean Region, and the South Pacific Regional Seas Program.

The Committee has also recommended an additional $10,000,000 for the Montreal protocol facilitation fund to be administered by the UNEP Secretariat for the purpose of helping developing countries meet the requirements of the protocol relating to the reduction in chlorofluorocarbons. These funds are provided under the "Development assistance" account. The initial refusal by the administration to participate in the Montreal protocol facilitation fund was extremely disturbing, and the Committee welcomes the later change of heart by the President. The Committee expects the administration to fully support this global effort to protect the ozone layer.

Last year, the Congress provided $12,000,000 for UNEP, $4,000,000 above the administration's request. This year, the Committee was once again disappointed by the administration's request for UNEP, which would have amounted to a $2,000,000 reduction from last year's appropriated level. This is particularly unfortunate at a time when public concern about the environment has increased dramatically on every continent. It is also difficult to understand given the administration's own strong endorsement of UNEP in its congressional presentation document.

UNEP is the only international environmental organization with membership from both the industrialized and developing countries. It plays a crucial role in gathering environmental data and coordinating the international response to such urgent problems as global warming, ozone depletion, desertification, and ocean pollution. These problems have implications as serious for the United States as for the developing countries, where skyrocketing rates of population growth are putting unprecedented pressures on the environment.

In recent years, UNEP has been increasingly called upon as a source of reliable information and expertise for solving these immense global problems, and its workload has far exceeded the capacity of its staff. By earmarking $15,800,000 for UNEP the Committee will have increased the U.S. contribution to UNEP by over one-third in just 2 years. The Committee sincerely hopes this will encourage other donor countries to do the same.

CONVENTION ON INTERNATIONAL TRADE IN ENDANGERED SPECIES

Like the House, the Committee recommends an earmark of $750,000 for CITES in fiscal year 1991. This is $250,000 above the administration's request and the same level as last year's appropriation.

The Committee reiterates its belief that saving species from extinction should be a priority of U.S. foreign assistance. Ultimately, we stand to gain from the preservation of plants and animals on all continents which provide an incalculable number of functions useful to humans. The United States should continue to play a leading role in this global campaign and the Committee urges the administration to intensify its efforts to persuade other countries to do their share to support CITES.

WORLD HERITAGE FUND

The Committee has earmarked $450,000 for the World Heritage Fund.

There are currently over 300 world heritage sites which are in need of protection. The fund provides critical support to member nations to manage and maintain their sites, including technical assistance and training.

RAMSAR CONVENTION ON WETLANDS

The Committee has earmarked $250,000 for the Ramsar Convention on Wetlands of International Importance Especially as Waterfowl Habitat.

The United States is a party to the Ramsar Convention and the Committee believes strongly that protection of wetlands should be a high priority for U.S. foreign assistance. Wetlands are one of the most productive and biologically diverse ecosystems on Earth. Wetlands provide essential habitat for fisheries, waterfowl, and numerous other classes of plants and animals. Loss of wetlands results in the decline of the vitality of economically important species.

Over 75 million acres of wetlands have been designated as Ramsar sites for special monitoring and protection. It is important that the United States share the cost of protecting these areas which have great economic and ecological value to both the countries in which they are located and to the United States.

MEMBER STATES FINANCIAL SUBSIDIES WITHIN THE UNITED NATIONS SYSTEM

The crisis which occurred at the United Nations High Commission for Refugees some months ago when the top two officials were asked to resign should be utilized for a complete examination of financial subsidies provided by some member nations to their individual nationals who are employed as international civil servants within the U.N. system.

The UNHCR situation was brought about by the Government of Denmark, which created a trust fund to permit its former Prime Minister to travel first class without other travel restrictions. When that individual departed, Denmark no longer contributed to such an account, which had been a direct subsidy. Nonetheless, the practice continued, which led to charges that the top individuals at the UNHCR and their spouses were traveling first class at the expense of the organization. Obviously, if the Danish Government had not created the subsidy in the first place, this crisis might not have happened.

There are other publicly known direct government subsidies within the U.N. system which should be called into question. For example: (1) the Canadian Under Secretary for Public Information receives a salary supplement from the Canadian Government of about $85,000 a year; (2) the Japanese Under Secretary-General receives funds in excess of $70,000 annually from the Government of Japan for entertainment expenses; (3) the Soviet Under Secretary receives a car and driver from his government; and (4) four or five European and other governments provide direct salary supple-

ments to their respective nationals within the U.N. system and the World Bank on a monthly or annual basis.

Article 100 of the Charter of the United Nations states that in the performance of their duties, "the Secretary General and staff shall not seek or receive instructions from any government or any other authority external to the organization. They shall refrain from any action which might reflect on their position as international officials responsible only to the organization. Each member of the United Nations undertakes to respect the exclusively international character of the responsibilities of the Secretary General and his staff and not to seek to influence them in the discharge of their responsibilities."

Obviously, direct financial payments by governments to their nationals is an ethical violation of the article. The Committee calls upon the State Department to work with the Secretary General to conduct an investigation and survey of other subsidies provided by governments to their individual nationals within the specialized agencies and all other institutions within the system. This should be undertaken by a U.N. inspection team reporting to the Secretary General, who, in turn, should make recommendations to the General Assembly to end all such financial subsidies.

Report to Congress on Voting Practices in the United Nations

For a number of years, the foreign operations legislation has contained an annual requirement for a report on the voting practices of member nations in the United Nations. Last year's appropriations legislation permanently enacted that requirement. The Committee is concerned that the administration does not provide this report in a timely fashion, notwithstanding the fact that information necessary for the report is available well in advance of the date required by the legislation. The Committee expects this report to be provided on time this year.

TITLE II

BILATERAL ECONOMIC ASSISTANCE

AGENCY FOR INTERNATIONAL DEVELOPMENT

AGRICULTURE, RURAL DEVELOPMENT, AND NUTRITION, DEVELOPMENT ASSISTANCE

Appropriations, 1990	$481,635,025
Budget estimate, 1991	424,520,000
House allowance	481,635,000
Committee recommendation	481,635,000

The Committee is recommending $481,635,000 for agriculture, rural development, and nutrition activities for fiscal year 1991. This is the same as the House recommendation. The administration requested $424,520,000. The amount recommended by the Committee does not include funds appropriated separately in this bill for sub-Saharan Africa.

COLLABORATIVE RESEARCH SUPPORT PROGRAM

Last year in its report, the Committee urged AID to increase its support for collaborative efforts between universities, Government agencies, and private environmental organizations involved in sustainable agriculture. Collaborative Research Support Programs [CRSP's], within AID's Bureau for Science and Technology, have been recognized for their accomplishments in finding ways to increase food production, improve nutrition, and protect natural resources. These programs have been of mutual benefit to developing countries as well as the United States. The Committee stated that:

> AID should commit not less than $10,000,000 for a new Collaborative Research Support Program [CRSP] over the next 3 years. This new CRSP should be coordinated closely with BIFAD (the Board for International Food and Agriculture Development) and should focus on sustainable agriculture and natural resource management.

Unfortunately, CRSP's remain seriously underfunded. Therefore, like the House, the Committee once again urges AID to increase its support for these programs by $10,000,000 over fiscal year 1990 levels. This would also include funding for a sustainable agriculture component in existing CRSP's, as well as funding for the new CRSP in sustainable agriculture and resource management recommended by both House and Senate Appropriations Committees in their reports last year.

VITAMIN A DEFICIENCY

The Committee has earmarked $10,000,000 of the funds under the "Agriculture functional" account for the AID vitamin A deficiency fund. The Committee shares the views of the House Appropriations Committee on the uses of these funds.

DAIRY DEVELOPMENT

The Committee has earmarked $5,000,000 for AID's dairy development program. The Committee strongly supports efforts to build foreign markets for U.S. dairy products and technologies and provide technical and other support to small dairy farmers, private companies, and dairy cooperatives in developing countries.

The Committee is aware that small dairy cooperatives in Central America and elsewhere are in need of technical assistance to improve the health and nutrition of their cattle which will, in turn, lead to a more abundant and reliable supply of dairy products. The Committee encourages AID to support these efforts.

COCA CROP SUBSTITUTION PROJECT

The Committee recommends that AID support the silk for life project in the coca-producing areas of Colombia. This project provides Andean coca farmers with silk worms to raise on mulberry bushes planted in place of coca. The resulting cultivated silk, with markets both locally and in the United States, is a lucrative alternative to coca production for the Andean farmer.

AID reports that the silk cultivation project looks promising and that it is willing to provide technical and training assistance. The Committee recommends AID fund the project at not less than $200,000 in fiscal year 1991.

AQUACULTURE

The Committee remains strongly interested in improving protein production and consumption through new technologies in aquaculture. The Committee understands the finfish project conducted by the Oceanic Institute offers an effective approach to help meet Third World demand for protein and at the same time contribute to local economic development. The Committee recommends that funding for this project continue at fiscal year 1990 levels for the full duration of the project.

SUSTAINABLE DEVELOPMENT—ORGANIC AGRICULTURE

The Committee notes the rapidly growing international interest in organic farming standards, research, and trade as an important element in sustainable development, and urges the Administrator of AID to form an advisory committee to advise him on organic production issues and their relation to sustainable development. The Committee should include appropriate AID staff, private organic farmers and processors, and environmentalists.

SOUTH PACIFIC REGION AGRICULTURAL DEVELOPMENT PROJECT

The Committee is aware of the institution building effort in the South Pacific region with the 11 independent island nations' University of the South Pacific [USP]. The Committee recognizes the long-term nature of these activities and endorses the thrust of developing the region's human resources and the means by which they can implement training, research, and information exchange. These efforts can assist the nations of the South Pacific region achieve private sector agricultural and economic development. The Committee encourages AID to be as supportive as possible of this project and to work cooperatively with the organizations involved.

WORLD AGRICULTURE DEVELOPMENT FOUNDATION

In 1990, the World Agriculture Development Foundation, headquartered in Des Moines, IA, was developed as the private sector home for several major agricultural development programs. These programs include establishment of: (1) the World Agricultural Share Program; (2) the World Voice of Agriculture; (3) the World Food Prize; and (4) the World Food Congress. Each of these programs is designed to improve technology development, technology transfer, and information transfer among the world agricultural community.

The Committee understands that it is the Foundation's objective to have its programs up and running in a 1991–92 timeframe with facility development occurring between 1991 and 1996. The principal purpose of the Foundation is to develop programs and linkages between the U.S. agricultural community and the world agricultural community. The Committee believes that this program deserves strong consideration by the Agency for International Development for funding support in fiscal year 1991.

SPRING AND WINTER WHEAT PROJECT

The Committee expects the Office of Agriculture to restore the Oregon State University spring X winter wheat project budget in 1991 to the same level it was in fiscal year 1990.

Though the Committee realizes that the Office of Agriculture's motive is to free funds for sustainable agricultural programs, it feels that to encourage developing countries to sustain their inadequate level of food production is unreasonable. Plant breeding of the kind developed at OSU, where cultivars are being developed for greater soil erosion control and lower inputs of fertilizer and pesticides, represents one of the most effective ways to sustain agricultural productivity

ROOT AND TUBERS PROJECT/DSCHANG INSTITUTION

The Committee is aware of two initiatives, the roots and tubers project and the Dschang Institution building project, that incorporate local expertise, grassroots development, and food self-sufficiency. The Committee urges AID to continue its support for these ongoing projects in Cameroon.

INTEGRATED PEST MANAGEMENT

The Committee has considered the role integrated pest management [IPM] can play in sustainable development and has concluded that it should assume a prominent part in the worldwide agricultural strategy of the Agency for International Development.

After the locust and grasshopper infestation of Africa and the Middle East between 1986 and 1989, the Committee directed AID to undertake a review of its pest management program and commissioned the Office of Technology Assessment [OTA] to make a scientific inquiry into the causes and consequences of the upsurge as well as the containment practices employed by AID and others against the locusts.

AID IPM objectives.—Drawing upon the recommendations contained in these assessments, the Committee expects AID to take steps to develop, implement, and broadly apply integrated pest management tools and techniques to each of its country development strategies.

New AID initiatives.—The Committee recommends that AID take a number of steps to build an institutional capacity for full and effective integrated pest management and to report, no later than May 1, 1991, on the progress made to implement each area. Such steps should include:

—An official agencywide policy for integrated pest management that sets goals, establishes priorities, provides a strategy, and allocates resources for its use in mission planning;

—A pest management task force to determine and implement a revised AID strategy, including efforts to establish a standing research advisory committee comprised to support its work;

—Implementation of the recommendations of the programmatic environmental assessment of locust and grasshopper control in Africa and Asia and on the status of the supplemental environmental assessments; and

—Completion of the pest management sector review by March 30, 1991, taking a critical, analytical view of the use of insecticides in all its programs.

The Committee is aware that IPM, by itself, is not a panacea for the problem of pest control. Yet, there appears to be a consensus among experts that IPM should be employed as part of a larger effort at preventing pest upsurges. These include: modern agricultural planning, better water and land use management, utilization of indigenous biological resources, protection of the natural environment, enhanced political cooperation, better education, and regular monitoring of environmental changes.

POPULATION, DEVELOPMENT ASSISTANCE

Appropriations, 1990	$216,170,904
Budget estimate, 1991	193,191,000
House allowance	250,000,000
Committee recommendation	250,000,000

The Committee recommends an appropriation of $250,000,000 for international population control programs for fiscal year 1991, the same as the House recommendation. The administration requested $193,191,000.

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The concerns expressed by the Committee in its report last year about the population explosion in the developing countries, the resulting environmental degradation, and the need for urgent action to control it, are no less relevant today. If anything, with the world's population up another 92 million and the majority of those births occurring in the poorest countries, the situation is even more acute.

The Committee wishes to reiterate that it believes there is no more pressing problem facing the world than population growth. Last year the Committee did its best, despite a very tight budgetary situation, to demonstrate the paramount importance it gives to this problem by increasing the population account by 10 percent, to $220,000,000. In its report, the Committee emphatically declared that population was a top priority in the foreign assistance budget. The Committee is, therefore, extremely disturbed that the administration proposes to cut funding for population programs even below its fiscal year 1990 request level of $197,000,000. The Committee knows of no clearer example of where its manifest intent has been so flagrantly ignored, and where the potential consequences are so serious. Without the strong leadership of the United States, efforts to keep the world's population from exceeding 10 billion in the next century will almost certainly fail, with potentially disastrous consequences for the international economy, the global environment, and for stability in critical areas of the developing world.

The Committee reiterates its intention to continue increasing population funding in its annual foreign assistance appropriation with the goal of reaching, in the shortest possible time, the levels provided for this purpose in the mid-1980's.

In addition, the GAO recently issued a report, prepared at the request of the Committee, which raises other serious problems with AID's management of its population program. The GAO found that AID's Central Population Program is poorly focused, with a lack of clear goals, weak coordination, and inadequate management.

The GAO report came on the heels of an AID inspector general's audit of AID's Contraceptive Procurement Program which found serious management and accountability deficiencies. The procurement program is one of the largest and most important elements of the overall population program, vital both to family planning efforts and to the control of the AIDS pandemic.

The Committee's experience is that AID population staff, both in Washington and in the field, are highly capable, dedicated public servants. The root of the problems with the population program appears to be a fundamental disagreement by the AID leadership with the sense of urgency felt by the Committee. AID's top management seems to believe that population is simply of a lower priority than the manifold other tasks confronting the Agency. It has not provided the various components of the population program the attention, leadership, and resources, both human and financial, that are needed to respond to the express intentions of the Committee. It has allowed population resources to be diverted to other activities, usually under the label of "population-related." It has failed to accord the Office of Population and other critical elements of the program sufficient weight in the AID bureaucracy and decisionmaking process.

To prevent further disregard of its intent, the Committee has taken a number of steps to strengthen the population program:

—The funding made available to the "Population" account is an earmark, so that AID management cannot divert funds from the account to other purposes. The bill contains language stipulating that the funds provided shall be available only for the purpose of moderating high rates of population growth in developing countries through the provision of voluntary family planning services and public information to promote their use. Unless the Congress specifically legislates otherwise (that is, specifically references section 104(b) of the Foreign Assistance Act to allow family planning funds to be used for other purposes), funds in this account can be used only for family planning activities. The Committee recognizes that the expansion and improvement of family planning services may also require some expenditures on policy development, training, and applied research.

—The Office of Population is earmarked at not less than 65 percent of total population funds made available in fiscal year 1991. The Committee expects the Office of Population to expand its program activities and technical support in the 48 recipient countries without bilateral population assistance programs and its support to nongovernmental population activities in the 32 countries with bilateral population assistance programs.

—Up to 5 percent of population program funds may be used to meet the program's operating expenses, including, but not limited to, travel and training of population staff and technical personnel detailed or assigned to or contracted by AID to provide expertise in population and family planning programs.

In addition to these direct measures to reduce birthrates through family planning, the Committee expects AID to use nonpopulation program funds to enhance the fertility reduction impact of other AID-supported development programs, particularly through the expansion of educational and economic opportunities for women. The Committee seeks a coordinated and synergistic use of population and nonpopulation funds to address this fundamental objective.

The Committee also expects AID leadership to deal with the problems identified by the GAO, including the diffusion of program responsibility throughout 43 different units, offices, and elements within the Agency. AID missions play an important role in tailoring population assistance to the needs of individual countries. Missions must retain the authority to approve population activities in host countries, whether or not these activities are mission related, in order to ensure coordination and compatibility with other assistance activities. Nevertheless, the lack of any central office or official with overall program coordinating responsibility or oversight, the absence of a central management information system, the lack of any system of program evaluation in terms of standard measures of success, and no agencywide mechanism for setting program and country priorities are preventing the population program from attaining maximum impact with resources available.

Therefore, the Committee expects AID, as soon as possible, to establish a central population program management information

system, to take steps to ensure that the Office of Population can participate in the establishment of regional bureau family planning policies, and to design a set of standard measures of program accomplishments and a mechanism for systematic evaluation of program activities against this set of standard measures. AID is to submit a report to the Committee by March 15, 1991, on specific steps it is taking to respond to the Committee's intentions.

The Committee wishes to emphasize the importance of Congress and the administration working together cooperatively to address this massive problem. The Committee would strongly prefer not to take such steps as earmarking the account or the Office of Population. The Committee hopes that new leadership at AID will make such measures unnecessary in the future by responding fully to its deeply held concern about the population crisis and giving it the same high priority.

ROMANIA

The Committee has earmarked $1,500,000 of population funds to support voluntary family planning, to be provided solely through private voluntary organizations operating in Romania. The horrific policies of the Ceaucescu regime left Romania with a tragic legacy of orphans and abandoned children, and a virtual absence of a voluntary family planning program. The attitude of the new government remains problematical. The Committee is not prepared to recommend any funds to be provided through that government. Therefore, the Committee provision limits these funds strictly to private voluntary organizations providing family planning services in Romania.

The Committee's approval of $1,500,000 for providing health services, improving facilities for institutionalized children, facilitating family reunification and adoption, and training health, child welfare and adoption personnel supplements $4,000,000 made available for these purposes in the 1990 supplemental appropriations bill.

Professional infrastructure, now lacking, is urgently needed to provide training, education, and recruitment of foster care and adoptive families in Romania as well as to help resolve acute understaffing and unavailability of reliable data on children needing families. The Committee intends that AID expedite adoption-related activities, especially the provision of technical assistance and training to help the Romanians develop professional adoption programs in accordance with internationally recognized standards. It is the Committee's recommendation that AID consider utilizing Holt International Children's Services to help develop an indigenous entity which would become a national adoption resource center in Romania.

UNITED NATIONS POPULATION FUND

The Committee has earmarked $15,000,000 of these funds for a U.S. contribution to the United Nations Population Fund [UNFPA]. This is similar to a provision which passed both the Senate and House last year but which was deleted after the President vetoed the bill.

The United States was instrumental in creating the UNFPA in 1969 and until 1985 was its largest donor. UNFPA has become the largest multilateral provider of international family planning assistance, with programs in 138 countries.

Since 1985, the administration has refused to contribute to UNFPA because of its interpretation of current law prohibiting assistance to international that participate in the management of programs which include forced abortion or sterilization. The administration accepts reports that the Government of the People's Republic of China has a policy of coercive abortion. The administration argues that the United States should not fund UNFPA because it supports family planning in China, although the administration concedes that UNFPA does not fund abortions in China or anywhere else. Indeed, UNFPA's Governing Council has stated that it is "the policy of the fund * * * not to provide assistance for abortions, abortion services, or abortion-related equipment and supplies as a method of family planning." Neither does UNFPA promote or give support for involuntary sterilization. UNFPA provides voluntary family planning alternatives to these methods.

The Committee, as indicated above, believes that population growth is the most urgent problem facing the world today. It is now certain that the world's population, currently 5.2 billion and growing by 92 million each year, will double by early next century. Many experts predict it will reach 14 billion before stabilizing. Even if that point is reached at 10 billion, the implications to the Earth's environment are staggering.

The Committee believes that it is time for the United States to once again join this important organization and reclaim its role as a leader in the global effort to control population growth. All of our closest friends and allies are still major contributors to UNFPA. It has the infrastructure to be the best hope for the 500 million women who want to limit their family size but are without family planning services.

Therefore, the Committee has earmarked $15,000,000 for a United States contribution to UNFPA. However, because the Committee shares the administration's concern about reports of coercive population practices in China, it has included bill language requiring that none of these funds shall be used in China for any purpose, nor shall any of these funds be used to pay for abortions in any country. The bill also requires that these funds shall be used only for voluntary family planning activities consistent with the Universal Declaration of Human Rights of which the United States is a signator. This will enable the United States to support UNFPA's voluntary family planning activities in countries other than China, including dozens of countries in which AID does not have programs.

In order to ensure there is adequate monitoring of how United States funds are used, UNFPA is required to maintain them in a separate account and not commingle them with any other funds. If any of such funds are used for programs in China, the UNFPA is required to refund the United States contribution in full.

Finally, the Committee is very aware that money is fungible. In January 1990, UNFPA began its eighth Five-Year Population Program in China with a total budget of $57,000,000. The executive di-

rector of UNFPA has assured the Committee that this budget will not increase regardless of whether or not the United States contributes to UNFPA. In addition to requesting this assurance, the Committee has included bill language stating that if the UNFPA increases its funding from other sources for its program in China, the amount of United States funds made available to UNFPA shall be reduced by the same amount. This provision is intended to prevent any offset in favor of China as a result of the United States contribution.

HEALTH, DEVELOPMENT ASSISTANCE

Appropriations, 1990	$134,995,874
Budget estimate, 1991	115,465,000
House allowance	135,000,000
Committee recommendation	135,000,000

The Committee recommends an appropriation of $135,000,000 for the health development assistance programs of the Agency of International Development for fiscal 1991, the same as the House recommendation. The administration requested $115,465,000.

RIVER BLINDNESS

The Committee has earmarked $5,000,000 for the World Health Organization's River Blindness Program.

The Committee is impressed by the accomplishments of this program, which has eradicated onchocerciasis from a large area of West Africa inhabited by an estimated 20 million people.

The Committee has received a request that a sizable portion of these funds be made available to private voluntary organizations to distribute the drug ivermectin. These PVO's are already carrying out other health projects in areas where onchocerciasis is prevalent, including areas outside WHO's target area. The Committee recognizes that PVO's will be important in carrying on this program after WHO's involvement ends and encourages AID to make appropriate funds available for PVO's to begin to develop expertise in combating this dreaded disease.

The Committee believes that universities with expertise in tropical medicine and disease control should be eligible to provide assistance to PVO's engaged in combating river blindness, ministries of health of affected countries and the World Health Organization. Such assistance may include field research, technical assistance and training, establishment of graduate and faculty networks in endemic countries and parasitic and tropical disease control expertise. Such assistance should supplement and be integrated with river blindness control programs.

TROPICAL MEDICINE RESEARCH

Malaria infects an estimated 280 million people annually, 2.8 million of whom die. Most of these victims are in the developing countries. In addition, the disease poses a risk to American tourists, business travelers, and personnel stationed overseas. In recent years, malaria treatment and control has become more difficult because of the spread of drug-resistant and insecticide-resistant malaria strains.

AID coordinates a research program involving several Federal agencies aimed at developing and implementing a coherent research strategy. Many scientific opportunities which now exist, together with the AID-supported network of institutions and collaborative research initiatives, could lead to the development of a safe and effective malaria vaccine.

Unfortunately, this major, long-term program has suffered from substantial management and financial irregularities, some leading to indictments. Inadequate AID control resulted in questionable funding actions, negligent management practices, and illicit financial transactions that were not detected.

The Committee is encouraged by the progress made by AID to eliminate the management problems that plagued the malaria research program and urges AID to continue funding this important contribution to the improvement of health in the developing world.

MOROCCO EYE PROJECT

The Committee's attention has been drawn to the plight of a small group of blind children in the School for the Blind in Fez, Morocco. Here, the Peace Corps has been providing care and offering training in rudimentary skills needed to sustain these children as adults. The Committee has taken a special interest in the welfare of these children and is working with local physicians, AID, Project ORBIS, and the Government of Morocco to provide sight-giving surgery to those who are able to benefit from it.

The Committee is concerned that these children, like so many others in Morocco and around the world, have never had their medical conditions properly diagnosed or been given access to treatment. But for the removal of cataracts and the implantation of $100 lenses, children that might otherwise see are being subjected to a life of invalid care or left to live in the streets and alleys throughout the developing world. Of the 42 million blind people in the world today, it is estimated that two-thirds can be cured or aided.

The Committee commends AID for its commitment to this project and for its willingness to undertake an expanded program for the blind in Morocco. This initiative expands upon the vitamin A program inaugurated by the Committee several years ago, a program which emphasizes the prevention of blindness.

The Committee also is supportive of the expanded educational and remedial care program contemplated by the Peace Corps for the blind in Morocco. This program, now under study by the Helen Keller Institute, will complement the AID medical assistance program. The Committee would like to see comprehensive eye care in Morocco serve as a model for other countries in the developing world.

OPERATION SMILE

The Committee is aware of the successful missions of Operation Smile International, a volunteer medical corps providing surgical training and health care services in developing countries. Operation Smile, which conducts reconstructive surgeries, trains local medical professionals in specialized techniques, and provides fol-

lowup rehabilitation services, continues to broaden its base of private and volunteer support from doctors and donors of supplies and equipment. The Committee encourages the expansion of the work of Operation Smile in teaching local doctors how to correct congenital defects and disfigurements among children of developing nations. To this end, the Committee encourages AID to provide up to $400,000 in matching funds to Operation Smile to support its surgical training and rehabilitation activities in developing countries.

AGING

The Committee continues to be concerned that AID has devoted insufficient attention to the problem of aging and development despite years of urging that AID undertake collaborative projects with the National Institute on Aging of the Department of Health and Human Services. Cross-national research on behavioral, biomedical, and socioeconomic aspects of age-related problems such as dementia, nutrition, and immune function in less developed countries can lead to improved interventions and provide a sound basis for establishing health policy options. The Committee is aware both of the interest of NIA in developing collaborative projects, as well as the unique expertise in Pacific basin and South East Asia health issues within the educational leadership of the University of Hawaii and the East-West Center. The Committee urges that additional funds for this effort be provided during the 1991 fiscal year. As the Committee did in last year's report, AID is urged to enter into negotiations with the Institute of Medicine as to what role they might be willing to play in developing long-term legislative and funding recommendations.

The health and welfare of the world's elderly is an issue that continues to cry out for attention. As the world's population continues to increase, it is a matter of simple arithmetic to note that there will be more elderly persons. In many nations, where the health care and support functions are not as developed as in the West, the consequences of not addressing the concerns of the elderly will be disastrous. The Committee urges that steps be taken now to address their needs.

MENTAL HEALTH

A major factor in a nation's economic growth is the resources devoted to health care, including mental health care. For example, lower socioeconomic status tends to be highly correlated with poor physical and mental health. There are specialized universities and other institutions in the United States, including the University of Hawaii, University of California, and others, capable of providing AID with expert assistance in this area. AID, in collaboration with private institutions in the United States, could provide vital assistance in increasing the number of mental health care professionals in the developing nations.

INTERNATIONAL NURSING

Nursing is a prime resource in meeting the health care needs of developing countries. Yet nursing is currently receiving very little

support through international agencies. The 1989 World Health Assembly unanimously accepted a resolution on nursing and midwifery which now needs to be implemented. The Committee believes that AID should consider appropriate support for the global collaborating centers in nursing in the United States and should examine other strategies for the implementation of the WHA resolution. AID should seek to include on its staff persons with nursing expertise and able to address policy issues relating to nursing and development.

UNITED STATES-U.S.S.R. CHILDREN'S HEALTH CENTER

Over the years, the Committee has consistently recognized concern for adequate medical care and other support for children. The changes occurring in the Soviet Union have encouraged private efforts which will help to improve relations and benefit the people of the United States and the Soviet Union.

The Committee is impressed with the Children's Health System, Inc. of Virginia, which in partnership with the ministry of health of the U.S.S.R. and the Soviet Children's Fund, has been attempting to address various critical medical needs of children in the Soviet Union as well as training Soviet pediatric medical personnel in advanced medical practices and technologies. To this end, they recently established the United States-U.S.S.R. Children's Health Center. The Center will offer reciprocal programs in research, education, patient care, and health care management to Soviet and American pediatric medical personnel.

The Committee supports the establishment of the United States-U.S.S.R. Children's Health Center which is seeking assistance from the Agency for International Development. The Committee believes AID should react positively to this request and commit funds toward establishing and implementing the programs of the Center.

INTERNATIONAL AIDS PREVENTION AND CONTROL PROGRAM

Appropriations, 1990	$41,239,240
Budget estimate, 1991	38,200,000
House allowance	52,000,000
Committee recommendation	52,000,000

The Committee has provided $52,000,000 for the International AIDS Prevention and Control Program in fiscal year 1991, the same as the House. Of this amount, $21,000,000 is to be made available to the World Health Organization [WHO] for its global program on AIDS.

The administration requested $38,200,000 for this program for fiscal year 1991, a $3,800,000 decrease from last year's enacted level. The Committee finds this proposed cut incomprehensible at a time when the AIDS pandemic is spreading on every continent. A June 1990 Agency for International Development report concludes that "AIDS cases and HIV infections will double or triple by the year 2000," and "the needs already outstrip the resources available to the effort, and that situation, like the pandemic itself, will only worsen in the next 5 years." AID and WHO estimate from 2.5 to 5 million HIV-infected people in Africa alone. A recent congressional factfinding mission to sub-Saharan Africa concluded that the

number of infected Africans may be closer to 8 million, with infection rates doubling in many areas every 6 to 9 months. Most of these individuals are unaware that they have the virus and continue an active sexual lifestyle.

According to the administration's own data, the need for resources to combat AIDS and care for people with the disease is skyrocketing. In Uganda, one in eight adults is HIV positive. Whole communities have been wiped out. Over 250,000 children there will have been orphaned by AIDS within a decade. WHO reports that the disease is increasing rapidly in Asia. In Bangkok, just within the last year, the rate of HIV infection among prostitutes increased from less than 1 percent to 40 percent, and in Bombay from less than 1 percent to 20 percent. The implications of this rate of increase in two of the world's most populous and frequently visited cities are ominous. AIDS is also spreading in Latin America, most notably in Brazil and Mexico. The fact that every day thousands of people cross the border from Mexico to the United States should alone justify a substantial increase in funding for this important program. The Committee is alarmed by predictions of a rapid increase in AIDS infections in Mexico and strongly encourages AID to seriously consider using a portion of these funds to begin an AIDS prevention program in Mexico in fiscal year 1991.

The United States has by far the greatest capacity both in terms of human and financial resources to combat this terrible disease. Far too little is being done and far too many people are dying needlessly. Many could have been saved if they had access to condoms and information on how to protect themselves. It is absolutely crucial that the United States dramatically increase its international AIDS prevention and control program in the 1990's.

The Committee is convinced that with several years' experience behind them, AID staff in the field are now in a position to significantly increase their effectiveness in helping to prevent the spread of this dreaded disease. For this reason, and the reasons described below, the Committee recommends that the entire increase in funding above last year's appropriation for AIDS programs be made available to AID.

The Committee is very concerned that far too little effort is going into locally based programs on AIDS prevention and education by either AID or WHO. In Africa and other underdeveloped regions where the disease is spreading at frightening rates, the fight against AIDS will be won or lost at the local level. AID's and WHO's efforts should emphasize village- and community-based prevention and education strategies which deal directly with the cultural barriers to changes in sexual behavior. The Committee believes that such strategies should include the establishment of regional and community centers to:

—Conduct community-based behavioral research for the development of effective AIDS prevention programs;

—Develop indigenous and culturally acceptable AIDS prevention programs and resources, including educational and informational materials in local languages, to change sexual behavior;

—Employ full-time AIDS workers to provide education, counseling and care;

—Train volunteer community AIDS workers;

—Conduct strategic interventions aimed at youth, women, unions, businesses, civic associations, churches, schools, and the military;
—Conduct ongoing training of health workers;
—Produce and distribute condoms, and educate the public on their proper use; and
—Conduct national media campaigns.

The Committee expects AID and WHO to submit a report to the Committee no later than May 1, 1991, on the progress they are making in accelerating the implementation of such locally based strategies.

The Committee is aware that although AIDS is just beginning to appear in South Africa, a strong prevention program could prevent another human disaster like that which has befallen other African countries. While HIV infections are still relatively few, the disease is spreading in South Africa especially among heterosexual black South Africans of both sexes. Several nongovernmental organizations are best able to carry out AIDS prevention and education activities within the black communities, but they lack the necessary resources and staff. The Committee, therefore, directs AID to make available $2,000,000 of these funds for such NGO's to carry out locally based strategies like those described above.

During the past year, the Committee became concerned about reports that funds allocated to the WHO global program on AIDS were not being utilized as effectively as possible, including overly bureaucratic controls by the Geneva office and poor management and implementation at the country and regional levels. Of particular concern to the Committee are reports that WHO continues to view the AIDS pandemic as primarily a medical problem focusing on drug and vaccine research, as opposed to a multisector problem of which the medical aspect is only a factor and changing social behavior is the primary challenge.

While the Committee believes research is important and should be pursued in countries that request it, WHO, like AID, should emphasize AIDS prevention activities which focus on behavioral change. The Committee also notes that AIDS control programs in many countries are managed exclusively by ministries of health. WHO and these health ministries need to recognize that an effective multisectoral approach, which the Committee believes is essential, necessarily involves other ministries and agencies. Consideration should be given to the establishment of a central coordinating unit within these countries for AIDS programs.

Recently, a new director was appointed to WHO's Global Program on AIDS. Efforts are underway to improve the management of GPA and the Geneva office has undergone major restructuring. Commendable as these efforts are, the GPA is urged to make use of existing resources within WHO and other agencies rather than add to its already expansive bureaucracy. An example of such redundancy is in the area of education. WHO has a major health education division. Agencies such as UNFPA and AID have considerable expertise in fertility-related information and education programs. GPA should closely collaborate with such agencies to avoid unnecessary replication.

The new director has also expressed a commitment to decentralizing the bureaucracy. The Committee supports this effort, provided the regional offices have the systems in place and sufficent qualified staff to assume this responsibility. The Committee is particularly concerned about reports that WHO's Africa office has been ineffective on AIDS, and that the office has no significant program to combat other sexually transmitted diseases which are largely responsible for the prevalence of AIDS in Africa. While the Committee recognizes this may be due in part to the degree of control exerted by the Geneva office, every effort must be made to ensure that WHO's Africa office appreciates the scope of the crisis Africa faces and is fully up to the task.

The Committee continues to believe WHO has an important role to play in the global fight against AIDS in close cooperation with AID, the World Bank and other major donors, especially in the new regions where AIDS is spreading. However, until the Committee is convinced these serious management and operational problems have been resolved, it is unwilling to increase its support for the WHO Global Program on AIDS.

The Committee has included bill language giving AID additional flexibility in allocating these funds.

Child Survival Fund

Appropriations, 1990	$70,694,700
Budget estimate, 1991	74,538,000
House allowance	100,000,000
Committee recommendation	100,000,000

The Committee is recommending $100,000,000 for the child survival fund, the same as the House recommendation. The administration requested $74,538,000.

The Committee commends the tremendous efforts by all parties involved in child survival activities during the past decade. Great strides were made. But, with the number of people living in poverty expected to increase in many of the poorest countries during the next decade, far more will be necessary to sustain and build on these achievements. The fact remains that an estimated 10 to 14 million children still die each year, the overwhelming majority from hunger or diseases curable with a simple vaccine or other inexpensive remedy. The Congress has consistently provided substantially higher funding than requested by the administration for child survival activities, through AID and UNICEF. It is also aware of WHO's efforts to combat child diseases, and urges the administration to increase its support for these efforts. Like the House, the Committee expects a minimum funding level for child survival activities from all sources in the bill of $250,000,000.

The Committee emphasizes the importance it places on effective collaboration between AID, UNICEF, WHO, and others involved in child survival activities. A tragedy of this scale can only be addressed through a coordinated, global strategy which minimizes the duplication of effort and conflicting, piecemeal approaches.

Last year in its report, the Committee directed AID to significantly strengthen its support for breastfeeding in developing countries. The Committee recognizes AID's progress in expanding its ef-

forts to promote breastfeeding and urges it to continue these efforts. However, only $3,700,000 for breastfeeding activities from the "Child survival" and "Health" accounts combined in fiscal year 1989 is woefully inadequate considering the dramatic reductions in child mortality it produces. Furthermore, breastfeeding activities within AID appear to be widely scattered between the health, child survival, women in development, and population offices with no focus of expertise and too little coordination. The Committee urges AID to increase support for breastfeeding and develop an identifiable programmatic focus for breastfeeding promotion.

The Committee is aware of discussions involving UNICEF, WHO, AID, academicians, and private pharmaceutical manufacturers concerning the development of a children's vaccine. Currently, between 7 to 14 contacts are required to fully vaccinate a child, depending on the country immunization schedule. A children's vaccine would, optimally, provide for the single delivery of a multicomponent vaccine against multiple diseases, thereby greatly increasing the effectiveness and reducing the cost of child immunizations. Such a vaccine could substantially improve the health of children around the world, including the United States. According to a meeting of experts recently convened under the auspices of the National Vaccine Program, a multicomponent vaccine against multiple diseases is feasible and achievable with existing technology. The Committee understands that the Scientific Advisory Group of WHO's Program on Vaccine Development has also endorsed the concept.

The Committee is concerned that despite these conclusions by experts, AID has requested the National Academy of Sciences to review the technologies to develop such a vaccine. This will delay action needlessly. The Committee is also disappointed that AID is spending only about $1,200,000 on vaccine research on diseases other than malaria and leprosy through the WHO Tropical Disease Research Program. This is especially disappointing given the Committee's recommendation in last year's report that AID provide adequate funding to accelerate development and application of new vaccines suitable for use in developing countries.

Given the experts' conclusion that developing a children's vaccine is feasible with existing technology, the length of time it takes to do so will depend on the amount of resources devoted to it. The Committee, therefore, directs AID to make available in fiscal year 1991, not less than $1,000,000 for research and development of a multicomponent vaccine against multiple diseases. These funds are to be in addition to other funds AID is currently spending on vaccine research and development.

The Committee further directs AID to increase its commitments to its ongoing global immunization efforts.

Education and Human Resources, Development Assistance

Appropriations, 1990	$131,988,894
Budget estimate, 1991	134,201,000
House allowance	134,201,000
Committee recommendation	134,201,000

The Committee recommends an appropriation of $134,201,000 for education and human resources activities, the same as the House recommendation and the administration request.

BASIC EDUCATION

The Committee is pleased to see AID's increased efforts in basic education, particularly through several new starts in Africa. There is a growing consensus that improvements in primary education, of children and young girls in particular, brings greater progress in all development sectors. Notwithstanding AID's apparent acceptance of this view and willingness to implement it, the Committee recommends additional actions.

First, the Committee restates that efforts must be concentrated wherever the need for basic skills is documented to be the greatest. Though the Committee is pleased by AID's new basic education starts in Africa, it hasn't escaped notice that there are only eight education officers in Africa missions. This reinforces doubts about AID's long-term ability in maintaining a basic education program in Africa. Failure to respond to the Committee's expressed interests in seeing the placement of education officers in AID missions in Africa helps explain why the Committee feels it necessary to continue the 50-percent earmark of this account. Another source of doubt is the Agency's delay in defining a focused, selective, basic education initiative or agencywide basic education action plan to rationalize allocations of funds. A critical component of such a plan must be an evaluation mechanism to determine the efficiency and effectiveness of AID's selected activities.

In reports accompanying the Foreign Operations appropriations bills for fiscal years 1989 and 1990, the Committee directed new basic education project starts in Africa and Asia. This was because of the severity of the need in those regions, which still exists. However, if limitation to those two regions is restrictive for the Agency, the Committee expects that efforts will be made in areas where primary school completion rates are under 80 percent, and where there are highly inequitable completion rates between boys and girls.

COOPERATIVE ASSOCIATION OF STATES FOR SCHOLARSHIPS AND THE EAST CENTRAL EUROPEAN SCHOLARSHIP PROGRAM

The Committee recommends an earmark of $20,000,000 for the International Student Exchange Program to be used for the CASS and the ECESP.

As a cost-sharing program, CASS, now established at 43 institutions in 19 States, demonstrates the effectiveness of Federal Government partnerships with State governments, institutes of higher learning, and the private sector to expand education opportunities for economically disadvantaged students from the Caribbean and Central America.

When this Committee first responded to recommendations from the National Bipartisan Commission on Central America, funds were earmarked for the International Student Exchange Program to be used to train disadvantaged students from Central America. The program responded well to the necessity of developing social,

economic, and cultural links between the United States and Central America. The Committee is pleased by the ongoing participation of local U.S. communities, community-based institutions, and individuals in advancing the goals of this program.

In fiscal year 1988, this Committee, recognizing growing support for cost-sharing educational programs, allocated funds to develop a program to maximize Federal funds by seeking support from State governments, institutes of higher learning, and the private sector. The result of this effort is the Cooperative Association of States for Scholarships Program. The Committee commends the work which has been done to further this cost-sharing partnership. It has successfully promoted economic and educational advancement for future leaders of Central America, and now the Caribbean, while engaging State and private sector commitment.

The success of the original Central American Scholarship Program [CASP] and CASS in community-based institutions has provided a model for a similar program with Hungary and Poland. Forty-five students from Poland and 15 from Hungary are beginning a program of education and training in agrarian studies at community-based institutions in California and Wisconsin. Their goal is to help develop a market-oriented private agrarian sector and restore democratic processes to both of these countries.

SOUTH PACIFIC ACADEMIC SCHOLARSHIP PROGRAM

The Committee recommends that up to $2,000,000 in education assistance funds be used for a South Pacific Academic Scholarship Program for undergraduate and postgraduate study, as well as specialized professional training, at institutions of higher learning in the United States. AID should administer the program in such a fashion that qualified students from the Cook Islands, Kiribati, Niue, Tonga, Tuvalu, Western Samoa, Fiji, Papua New Guinea, the Solomon Islands, and Vanuatu receive scholarships. The Committee's intent in suggesting this modest scholarship program is to promote better relations with the people of the South Pacific over the long term. As with other regional scholarship programs funded by the United States, the intent is for all of the scholarship recipients to return to their countries of origin after they have completed their studies in the United States. The willingness of the Committee to continue to support this program in the future will depend to a large extent on evidence that the students who participate do, in fact, return to their own countries.

LEADERSHIP CENTER OF THE AMERICAS

For the past 3 years, the Committee has included bill language earmarking $1,200,000 for student seminars implemented by the Leadership Center of the Americas to acquaint future leaders of the Caribbean Basin and Latin America with the American democratic system and the role private enterprise plays in this system. Under this program, 200 students attending colleges and universities in the United States receive full scholarships to attend 1 month democracy/leadership seminars during winter break in their sophomore or junior years. The participants are then placed with a transnational company in the United States the following

summer for summer traineeships to gain hands-on experience in the American enterprise system. At the end of the summer, participants also attend a short follow up seminar to develop a lasting relationship, the Pan American Conference, and to assure that a permanent network is in place.

The Committee continues to be impressed by the broad participation in this program and believes it will develop a solid network of Pan American leaders with experience in the American system consistent with the recommendations of the Kissinger Commission. It is particularly important to continue this initiative in light of the changes now occurring in Central America, for these seminars provide a constructive forum for building on the new foundations now being built in this critical region of the world. Therefore, the Committee urges the Agency for International Development to continue funding this program at the level of $1,200,000 in fiscal year 1991.

Private Sector, Environment, and Energy, Development Assistance

Appropriations, 1990	$151,774,995
Budget estimate, 1991	144,223,000
House allowance	152,223,000
Committee recommendation	152,223,000

The Committee recommends an appropriation of $152,223,000 for the "Private sector, environment, and energy" account of the Agency for International Development for fiscal year 1991, the same as the House recommendation. The administration requested $144,223,000.

GLOBAL WARMING

Last year, the Committee substantially increased funding for this account to emphasize the high priority it gives to strong action by AID to combat global warming. The Committee's purpose was to quickly raise the global warming threat to the top of AID's agenda, with the focus on promoting renewable energy and reducing tropical deforestation.

The Committee is encouraged by several steps AID has taken over the past year. AID has met the Congress' target of $15,000,000 in increased forestry and energy conservation programs, and has created new staff positions to design and implement these programs. The Committee welcomes the efforts AID is making to expand its global warming activities in developing countries. However, the Committee is concerned about the prolonged delay by AID in developing the greenhouse gas emissions action plan for developing countries, requested by the Committee in last year's report, and by the rather tentative and unfocused nature of the action plan when finally received.

Specifically, the Committee is concerned that AID does not have any end-use energy efficiency initiatives planned in Indonesia or Poland, both key countries, and that such activities may be phased out in the Philippines, another key country. Furthermore, AID's action plan fails to spell out in any depth forestry and energy conservation action plans for the key countries, nor does it describe

what training AID personnel will receive on scientific and policy issues relating to global warming. The Committee is concerned that, for the most part, the plan merely puts a global warming stamp on existing planned programs. The Committee expects AID to continue to refine the action plan in the course of fiscal year 1991 to reflect these concerns and to keep the Committee currently informed. The Committee once again emphatically states that resources devoted to the global warming initiative are to be additive to other, ongoing, environmental activities in AID.

Despite reports that some key AID officials believe protecting the environment is not a development issue, the Committee is convinced that stopping and reversing environmental degradation and the depletion of natural resources is central to sustainable economic development. The Committee believes that AID can play an important role in helping developing countries manage their forests sustainably and meet their energy needs in ways that reduce CO_2 emissions. The Committee has earmarked $30,000,000 for AID's global warming programs in fiscal year 1991. It emphasizes that AID's leadership should understand the Committee is committed to its global warming initiative over the long term.

As it did last year, the Committee has again included bill language allowing AID to use program funds to reimburse the full cost of employees and other personnel directly engaged in implementing the global warming initiative.

AID OFFICE OF ENERGY

The Committee wishes to acknowledge the efforts AID has made to fund and utilize the Office of Energy, which the Committee believes should serve as the primary source of expertise for AID's Global Warming Program. While AID did not request the full $20,000,000 for the Office of Energy as directed by the Committee in last year's report, the Committee understands this target may be approached by the end of the fiscal year when buy-ins from the overseas missions are included. This kind of utilization of the Office's expertise is what the Committee intended to encourage by setting the target in the first place.

In order to further stress the high priority the Committee gives to addressing the global warming problem and the need for energy conservation measures in the developing countries where energy use is projected to increase dramatically during the next decade, the Committee has included bill language to ensure that the Office of Energy is funded at $20,000,000 in fiscal year 1991.

The Committee notes with concern that AID currently does not have any significant nonhydro renewable energy projects that are expected to receive new funding in fiscal year 1991. Renewable energy and energy efficiency must play a much larger role in AID's overall approach toward Third World energy development.

The Committee wishes to reiterate the recommendation of the House Committee, that the Office of Energy assist the multilateral development banks in least cost energy planning and in preparing projects in end-use energy efficiency and renewable energy. The Committee expects the Office of Energy to devote $5,000,000 toward the creation of a pilot preinvestment preparation facility, to be

managed in cooperation with the Department of Energy, the Environmental Protection Agency, and the Committee on Renewable Energy, Commerce, and Trade. This facility should be developed in close consultation with the World Bank, the Asian Development Bank, the African Development Bank, the International Finance Corporation, nongovernmental organizations, and the renewable energy industry.

BIODIVERSITY

The Committee has earmarked $15,000,000 to support biodiversity programs and activities under this account, of which $1,500,000 is for the National Science Foundation's international biological diversity program and $3,000,000 is to be used for the Parks in Peril Program. The Committee is very pleased by the public response to the appeal for matching funds for parks in peril. The Committee expects that like last year, AID will require that every $4 of Federal funds for this program will be matched with $1 in private donations to protect these threatened areas.

The Committee is aware the Parks in Peril Program operates primarily in Latin America. Parks and game reserves which are sanctuaries for biodiversity are at risk throughout the developing world, particularly in Africa. The Committee strongly urges AID to discuss with governments and nongovernmental organizations in Africa and Asia the feasibility and prospects for extending the parks in peril concept worldwide.

The Committee has subearmarked $750,000 of the $15,000,000 biodiversity funds for the establishment and development of the Noah project.

Last year the Committee inaugurated the Noah project, an international rescue mission for the thousands of animal and plant species faced with the prospect of imminent extinction. A draft report prepared at the Committee's request by AID confirmed the Committee's belief that an urgent ex-situ effort to conserve animal and plant species is needed.

The Noah project has three main goals: (1) to stimulate urgent concern for the loss of the world's biodiversity; (2) to promote the science and technologies necessary to advance the ex-situ preservation of genetic material; and (3) to foster within the foreign aid community a recognition that a healthy natural environment is an indispensible requirement for successful human development.

The reason for the Noah project is simple. Experts estimate the world is losing species by as many as one each hour to one each day. The value of these species to mankind is incalculable. In 1985, for instance, approximately 3,500 new chemical structures from natural sources were reported. The 119 plant-derived drugs in use throughout the world today are obtained from less than 90 species of plants. It is impossible to imagine how many more might be identified among the more than 250,000 species of plants on Earth.

The Committee believes that the first priority of conservationists must be that of in-situ preservation and that ex-situ preservation must be viewed as both a complement and a supplement to that effort.

The Committee agrees that because of an overall decline of diversity, those species that persist through the feeble efforts of science and technology will become proportionately more important. Preservation science and technology must become an active branch of conservation biology, because future habitat restoration, if any, will depend upon its progress.

Therefore, the Committee requests AID to undertake the following steps in fiscal year 1991 and to report on its progress no later than May 1, 1991:

—To establish the Noah project as a component within existing biodiversity efforts, with its own budget, advisory panel, and to present it separately within AID's annual congressional presentation;

—To establish an AID policy and a strategic plan for ex-situ conservation, including national ex-situ action plans integrating collection, storage, and data base documentation of crop plants, threatened wild plants, domesticated and wild animals and useful, but unexploited wild plant species and forest species;

—To obligate and execute funds in fiscal year 1991 for specific country projects and as a demonstration of the viability of national ex-situ action plans;

—To seek to establish a regular international biodiversity forum for channeling U.S. support for ex-situ preservation efforts, coordinating and charting international support through official, international, and nongovernmental organizations as well as assisting priority national programs in ex-situ collection, conservation, documentation, and research;

—To establish an AID research module to coordinate and fund technologies to advance ex-situ animal, plant and tree conservation, including the inauguration of a program to regenerate old stocks, perform characterization and document existing holdings of significant biodiversity collections;

—To establish training programs and courses in ex-situ management and preservation for developing country scientists, including the naming of an international coordinator within the U.S. national plant germplasm system [NPGS] to facilitate training research;

—To establish initiatives, through AID's private sector program, for the commercial application of ex-situ technologies to development;

—To establish ex-situ preservation as a component of each of AID's mission environmental strategies and the development of national promotion campaigns to encourage host country citizens to assist in the extension of in-situ and ex-situ biodiversity efforts;

—To seek to establish a mechanism for global information sharing on ex-situ preservation, including the creation of an international reporting system for ex-situ documentation and technical support.

The Committee's recommendations are consistent with the recommendations made in the Noah project report it requested from AID last year. The Committee is convinced that extractive agriculture and the commercialization of a renewable natural resource base provide the best hope for long-term sustainable development

in the developing world. The preservation of biodiversity is critical to this effort and must become an integral part of AID's development strategy.

TROPICAL FOREST PROTECTION

The Committee regards the protection of tropical forests as a priority, particularly to promote biodiversity and reduce global warming. Therefore, the Committee has included bill language to ensure that none of the funds available in this act will be used for any activity which results in any significant loss of tropical forests. By significant the Committee means, by way of example, building or upgrading a road into a relatively undisturbed area that would open the area to clearing. The Committee similarly expects AID to refrain from supporting any program, project or other activities which involve industrial timber extraction in primary tropical forests.

WETLANDS PROTECTION

The Committee believes that conservation of wetlands should be a goal of U.S. development assistance. Wetlands serve as the nurturing grounds for the majority of the world's fisheries, providing humans with food, fuel, and livelihood, controlling floods, and providing habitat to a vast range of species. Their continuing loss to encroachment, agriculture, drainage, chemical pollution, and other causes would have grave adverse consequences, and strong efforts should begin immediately to ensure the long-term protection of this invaluable global resource.

The Committee notes that at the July 1990 meeting of the Conference of Parties to the Ramsar Convention, the U.S. introduced a resolution, which was adopted, urging that development assistance agencies such as the Agency for International Development use their expertise and resources to protect wetlands in developing countries. The Committee requests AID to report to the Committee no later than April 15, 1991, on its activities and progress to conserve wetlands. This report should include a summary of AID's activities to date, as well as the level of resources AID expects to devote to such activities in fiscal year 1992.

WATER RESOURCE MANAGEMENT

The Committee is aware of a cooperative venture between the Environmental Research Center at the University of Nevada, Las Vegas, the Honduran National Autonomous University [UNAH], and the Honduran Power Authority [ENEE], to conduct applied research projects in water resource management. This research is conducted at the Centro Hondureno para la Investigacion y Manejo de Recursos Aquaticos [CHIMRA], established by a cooperative agreement in May 1989. Among other things, CHIMRA will provide the expertise necessary to conduct environmental assessments now required by the World Bank and the Inter-American Development Bank. The Committee encourages the Agency for International Development to provide support for this important water resource management project.

ALTERNATIVE ENERGY SOURCES

The urgent need to reduce global emissions of carbon dioxide and other pollutants has repeatedly been stressed by the Committee. Recent events in the Persian Gulf region have highlighted yet another urgent reason to accelerate development of alternatives to fossil fuels as a source of energy, to reduce our dependence on foreign oil.

Recent breakthroughs in gasification technologies have shown that biomass as an energy resource is very close to becoming economically competitive with fossil energy sources. The Committee is aware of efforts to establish, through pilot feasibility studies, that various biomass feedstocks are compatible for use with high-efficiency turbine engines for the generation of electricity. Such technology would enable electricity to be produced with no net addition of carbon dioxide to the atmosphere and would establish a flexible, cleaner energy supply for developing countries, especially those which contribute significantly to global warming. Accordingly, the Committee expects AID to support such feasibility studies with up to $200,000.

EARLY WARNING SYSTEM

The Committee wishes to emphasize the importance it places on AID's early warning system for identifying proposed Multilateral Development Bank [MDB] loans which may cause damage to the environment, natural resources, public health, or indigenous people. This system is the only monitoring system of its kind and is an essential source of information to the Committee and other interested parties on MDB activities with environmental implications. It has helped improve the environmental performance of the MDB's.

The Committee is concerned that AID has not made a commitment to extend support for this system beyond its expiration date in December 1990. Rather than having completed its mission, the Committee believes there will be several new demands on the early warning system, for example the IDA-9 replenishment and the creation of the European Bank for Reconstruction and Development.

The Committee, therefore, expects the Administrator to report to the Committee by February 1, 1991, on the expected future operation of the early warning system, including AID's plans for the system, level of funding, and personnel resources devoted to it.

RENEWABLE ENERGY

Energy has become one of the foremost development problems of Eastern Europe and the Third World. As a world leader in the technologies of renewable energy generation, the United States is well placed to provide significant assistance to the developing nations in establishing sound renewable energy programs. Technology transfer in the area of renewable energy is a major U.S. advantage which should be utilized to the fullest extent. Currently, over 50 percent of United States renewable energy technology and services are exported to the Third World. The Committee urges AID to consider devoting $1,500,000 to a renewable energy prefeasibility study

fund for the utilization of U.S. renewable energy equipment and services for Eastern Europe, Latin America and the Caribbean, and the Pacific rim, in coordination with the Committee on Renewable Energy Commerce and Trade [CORECT]. The Committee requests AID to inform it of any renewable energy projects funded under this approach, as well as the interest in it expressed by developing countries and U.S. industry.

AFRICAN ELEPHANT CONSERVATION

The Committee has earmarked $5,000,000 to support efforts by African countries and conservation organizations to save the African elephant. Like last year, these funds are in addition to funds earmarked elsewhere in the bill for biological diversity. Like last year, the Committee requires that Federal funds be matched by a ratio of $2 non-Federal for each $1 appropriated for these activities.

The Committee continues to support the interim ivory ban, but emphasizes that this is only the first step in a long process. Alternate management techniques are needed to allow the sound harvesting of ivory in ecosystems where elephants exceed internationally agreed upon carrying capacity. The Committee encourages AID to continue to support the interim ban, and a protocol on proper ivory harvesting guidelines where biologically appropriate.

AID should cooperate with the United States Fish and Wildlife Service in its efforts to reverse the decline of the African elephant.

NEOTROPICAL MIGRATORY BIRDS

The Committee is aware of the rapid decline in the populations of neotropical migratory birds. Most of these species nest in the United States and winter in a few neotropical Caribbean and Central American countries. The alarming decline in their numbers appears to be due to the loss of key habitat, both in this country and in their wintering range. There is abundant evidence that the species suffering the most severe decline are directly affected by human actions such as deforestation, habitat degradation, and forest fragmentation.

The Committee recognizes this as a serious environmental problem and directs AID to develop a comprehensive framework for the conservation of neotropical migratory birds, focusing on both their breeding and wintering grounds. Such a framework must ensure coordination between the domestic and international programs. The Committee has earmarked $500,000 for this purpose to be matched equally with non-Federal funds.

PESTICIDES AND CHEMICAL WEAPONS PROLIFERATION

In recent decades, population growth, a decrease in arable land, and a demand for higher crop yields has led to the expansion of inorganic agriculture techniques. Fertilizers and pesticides are being used in increasing amounts. The Committee is concerned that chemicals widely used in the production of pesticides could have application in the manufacture of chemical weapons.

The Committee believes it has a responsibility to take whatever steps are necessary to ensure that U.S. foreign assistance is not

used to assist in the diversion, remanufacture, or application of pesticides, or their chemical precursors, for illicit purposes. Therefore, the Committee requests the Secretary of State to report by April 15, 1991, on: the bilateral and multilateral control mechanisms now in place to safeguard against pesticide diversion or misuse and on ways in which these procedures can be improved; and on the potential use and misuse of pesticides.

The Committee has included bill language prohibiting the export of such chemicals, paid for in whole or in part by funds made available in the foreign operations, export financing, and related activities appropriation, unless the President certifies they are not intended to be used for chemical weapons production.

RURAL WATER SYSTEMS

The Committee shares the concern expressed by the House Committee that AID has not initiated a circuit riding program to improve rural water systems in Central America. Clean and safe water is basic to successful development, and this program would provide the training and technical assistance to help rural communities improve their water systems. The Committee understands that the International Rural Water Association and the National Rural Water Association are well suited to implement a circuit rider rural water program, and expects AID to initiate such a program promptly.

RURAL ELECTRIFICATION

The Committee believes that its global warming initiative should be coordinated with rural electrification projects established with U.S. assistance during the last three decades. Today, these rural electric systems, which have been organized with assistance from the National Rural Electric Cooperative Association [NRECA] provide electric power to more than 35 million rural people throughout the developing world.

The Committee believes that the global warming initiative could effectively employ this network of rural electric systems to promote the objectives of the initiative. This could be a practical way of building on existing relationships and using local institutions to help solve global warming concerns. The NRECA international program could complement the global warming initiative in such areas as reforestation on the banks of rivers and streams to prevent erosion, reduce siltation, and preserve hydroelectric-generating capacity. Support from the global warming initiative could also assist NRECA to improve energy efficiency in the use of electric power and other energy sources, link new rural electric extension communities that participate in forestation projects and in projects designed to achieve energy and agricultural efficiency, conservation, and use of renewable and sustainable energy supply, and to use U.S. rural electric cooperative expertise in energy efficiency, reclamation, and reforestation. The Committee encourages the NRECA through its international foundation to solicit private sector capital from U.S. cooperatives to supplement funds for these kinds of activities.

INTERNATIONAL ARID LANDS RESEARCH AND COORDINATION

The Committee joins the House in endorsing increased research and coordination of research in the fields of arid lands study and dry lands agriculture and afforestation. In order to address effectively the problems of increasing desertification and deforestation and their impact on the economies of developing nations and the world environmental crisis, the United States should make every effort to fund and encourage cost-effective and coordinated arid lands research and the application of the research internationally. The Committee supports the efforts of the International Arid Lands Consortium as a means of achieving better coordinated, cost-effective research by academic, government, and private institutions with special expertise in the area of arid lands agriculture. The Committee recomends that up to $5,000,000 be made available to support the consortium's activities.

UNITED STATES, ISRAEL, AND DEVELOPING COUNTRY COOPERATIVE PROJECTS

The Committee has earmarked not less than $7,500,000 in development funds to be used for cooperative projects among the United States, Israel, and developing countries, particularly Africa. Of the $7,500,000 earmark, not less than $5,000,000 is for the Cooperative Development Program and not less than $2,500,000 is for cooperative development research projects.

CENTRAL AMERICA RURAL ELECTRIFICATION

The Committee again earmarks $5,000,000 for the Central America Rural Electrification Program. This is the fifth year in which the Committee has recommended this earmark.

AID ENVIRONMENTAL PERSONNEL

The Committee has included bill language giving AID authority to use program funds to reimburse the full cost of employees and other personnel detailed to, or assigned, or contracted by AID to provide expertise in the environmental sector. This authority is provided for 1 year. The Committee notes that the issue of AID's operating expenses, the need for AID to hire skilled technical personnel, and the use of program funds to bring such personnel into the agency are issues to be addressed by the Management Commission established by this bill. The Committee expects that the Commission's report will be prepared in time for the Committee to consider recommendations as part of the fiscal year 1992 appropriations process.

RICE HUSK ELECTRIC POWER

The Committee recognizes that the United States leads the world in the technology to convert waste rice husks into electricity, and that the largest market for such a technology is in the ricegrowing less developed countries [LDC's]. Accordingly, the Committee urges that AID's, Office of Energy, in cooperation with the Committee on Renewable Energy Commerce and Trade [CORECT] establish as a

high priority the determination of a suitable site, among the rice-growing LDC's, to demonstrate the feasibility of developing a private sector, joint venture rice husk fueled electric powerplant (5 to 25 megawatts) using U.S. technology. In making such a determination, AID is to evaluate fully and report to the Committee on the environmental and developmental implications of such a project.

SUN OVENS

The Committee has elsewhere in the report expressed its concerns about the extensive deforestation in the Third World. One major contributor to deforestation is the burning of wood into charcoal for cooking. In many countries, especially in Africa, wood burning for charcoal is exhausting local fuel supplies. In addition, wood burning in general contributes to global warming. The Committee believes that it is imperative to find a solution to this problem.

The Committee believes that one priority for the Agency for International Development should be the development of alternatives to wood burning for fuel. Inventions such as the sun oven, a small, easily portable device which cooks food without the use of any fuel other than sunlight, can at a relatively low cost and at the appropriate level of technology reduce the burning of charcoal in the developing world. In many of the hottest parts of Africa, where deforestation is the most severe, the sun oven could make a significant contribution to development. The Committee directs the Agency for International Development to study the sun oven and other such appropriate technologies to determine their utility in reducing energy waste in the Third World.

SCIENCE AND TECHNOLOGY DEVELOPMENT ASSISTANCE

Appropriations, 1990	$8,624,753
Budget estimate, 1991	8,662,000
House allowance	8,624,000
Committee recommendation	8,624,000

The Committee recommends an appropriation of $8,624,000 for the Science and Technology Program, the same as the House recommendation. The administration requested $8,662,000.

BUREAU FOR SCIENCE AND TECHNOLOGY

The Committee recognizes that several years of fiscal austerity have forced AID to make a number of difficult choices regarding the allocation of its shrinking budget, some of which this Committee has supported. In its ongoing review of AID, and of the Bureau for Science and Technology in particular, the Committee wishes to make some observations and recommendations intended to promote greater efficiency.

First, at a time when cutbacks in essential research and professional staff are threatened, the Committee believes that the number of Agency directors, whose work has often been viewed as duplicative, should be reviewed by senior management for possible cutbacks and reallocation of funds supporting those positions.

Second, the fact that the Agency has only three full-time professionals working on AIDS-related issues severely restricts any lead-

ership role the Agency can play regarding this crisis. Such a staff shortage affects not only the Agency, but the work and progress of other donors, like the World Health Organization. And it curtails or delays delivery of essential AIDS program assistance. The Committee urges AID management to review personnel allocations and make every effort to increase technically qualified staff in the Bureau for Science and Technology working on AIDS programs.

Finally, the Committee commends the Bureau for Science and Technology for its many contributions to the development community. From operations research to social marketing, the Bureau has contributed much to the foundations and the progress of development worldwide. The Committee cautions AID senior leadership as well as the Bureau for Science and Technology management against an attempt to apply ideological solutions to technical development problems. Economic theories concerning open markets as the engine of development may be appropriate in multilateral lending institutions or in policy-based activities of AID itself, but the focus of the primary Bureau for Science and Technology in AID should not be diverted from important basic research and technical assistance.

Sub-Saharan Africa

Appropriations, 1990	$571,823,500
Budget estimate, 1991	560,500,000
House allowance	800,000,000
Committee recommendation	800,000,000

The Committee has provided $800,000,000, the same as the House recommendation, for the Development Fund for Africa which provides development assistance to sub-Saharan Africa. The administration requested $560,500,000, a reduction of $11,323,500 from fiscal year 1990. The Committee's recommendation includes up to $50,000,000 for the Southern Africa Development Coordination Conference.

The Committee's recommendation of a $230,000,000 increase in development assistance for the DFA reflects its growing alarm at the decline in living standards all across sub-Saharan Africa. Despite many expressions of concern by the industrialized countries during the 1980's, many experts now refer to that period as a lost decade for Africa. Tragically, even while the industrialized countries were enjoying great economic prosperity, Africa, home to over one-half billion impoverished people, became even poorer.

Many of Africa's problems are due to inefficient economic systems, weak and corrupt leadership, political instability, and social inequities. It is ultimately up to Africans themselves to adopt the necessary political and economic policies to reverse this decline. However, even if the will to make fundamental changes is forthcoming—and there is encouraging evidence that in many countries it is—the transformation cannot be done without massive help from the donor countries, including the United States. The Committee believes that the 1990's will decide Africa's fate well into the next century.

The Committee's recommendations include a provision establishing a new chapter 10, part I of the Foreign Assistance Act—putting

into authorizing legislation the development fund for Africa. This language puts into permanent law a separate authority for the DFA which this Committee and the House Appropriations Committee fostered several years ago. As part of this legislation, AID is expected to target the equivalent of 10 percent of the amount for the DFA for each of the following: health programs, family planning programs, and certain renewable natural resource programs.

The Committee is aware that in enacting language for the Development Fund for Africa it has provided AID with the authority to use some of its program funds for operating costs over its fiscal year 1989 level. The Committee's intention in doing so was to enable AID, primarily, to better manage its existing country programs. The Committee does not want to see AID use this authority as an excuse to proliferate the existing number of AID missions in Africa where the establishment of missions would be of marginal economic significance. The Committee will look very closely at how the administration exercises this authority to determine whether or not it should be retained in subsequent legislation.

BENIN

The Committee notes recent positive changes in Benin, where the Agency for International Development has for several years had a small assistance program. Over the last year, Benin has shifted its political and economic policies, and the country now seems to be embarked on the kind of reform programs which the United States has for the last decade promoted in Africa. U.S. presence and support has clearly played a role in that transformation. The Committee, in supporting the utilization of DFA funds to promote economic reform, recognizes that in some cases this process may take many years, and in small country programs have an important role to play in that process.

Private Sector Revolving Fund

(BY TRANSFER)

Appropriations, 1990	$4,978,500
Budget estimate, 1991	
House allowance	
Committee recommendation	

(LIMITATION ON DIRECT LOANS)

Appropriations, 1990	$3,484,950
Budget estimate, 1991	
House allowance	
Committee recommendation	

(LIMITATION ON GUARANTEE LOANS)

Appropriations, 1990	$45,916,725
Budget estimate, 1991	125,000,000
House allowance	12,500,000
Committee recommendation	62,500,000

The Committee recommends a limitation of $62,500,000 on guaranteed loans under the private sector revolving fund. The House recommended a limitation of $12,500,000. The administration re-

quested a limitation of $125,000,000. The Committee provides no funds for transfers or limitation for direct loans, as recommended by the administration.

By guaranteeing 50 percent of the risk of new loans made to small businesses, the private sector revolving fund allows private banks operating in developing countries to make credit available to small business enterprises that normally would not be considered for loans because they are too high a risk. The guarantee program increases the banks' market rate, nonsubsidized lending to the small business sector and, in the process, prepares the institution to deal more effectively with small business borrowers. Making credit available to strengthen developing country small businesses leads to expansion of free enterprise economies, employment, exports, and socioeconomic growth.

The Committee has provided bill language raising the existing $3,000,000 ceiling on loan guarantees that may be issued to any one project to $15,000,000. When the fund was in the range of $12,000,000 to $15,000,000 per year, the $3,000,000 ceiling was appropriate. However, now that the fund has grown substantially, the ceiling needs to be raised to a commensurate level.

In addition, the Committee recommends bill language that removes the current requirement that AID maintain a reserve of not less than 25 percent of the principal amount of outstanding contingent liabilities under the PSRF guarantees. In place of this requirement, the Committee substitutes a provision that, using the standard OMB criterion for contingent liabilities, requires maintenance of a reserve sufficient to meet the program's expected net liabilities. This alteration will bring the reserve requirement of the PSRF in line with other loan programs and permit additional flexibility in private sector lending under the fund. The experience of the fund since 1984 indicates that a reserve of 5 percent of contingent liabilities would be sufficient to cover net liabilities. However, the Committee emphasizes that it expects AID to maintain a reserve fund in the range of 10 percent.

OTHER DEVELOPMENT ISSUES

Microenterprise

The Committee recommends that the Agency for International Development target $75,000,000 for programs of credit and other assistance for microenterprise activities in developing countries. Local currencies may be used for assistance for microenterprise and may assist in making up the $75,000,000 target. At least 50 percent of the funds for this target should be used for direct credit.

The goals of the microenterprise program, as embodied in the initial legislation, are to provide poverty lending and to provide microentrepreneurship training to the world's poorest individuals at the bottom rung of the development ladder. The purpose is also to reduce poverty and to assist those individuals who all too often have been passed over by other, larger AID projects. The majority of those who fit this description are women to whom often fall the multiple duties of caring for and raising children as well as providing subsistence nourishment and supplemental income for the

family. The committee recognizes that some recipients of microenterprise loans will graduate from microenterprises to small businesses while other participants will maintain themselves at stabilized, subsistence levels.

The Administrator of AID is to target this program to the poorest one-half of the population of the poorest AID-assisted developing countries. AID is also to target a majority of these funds to support microenterprise activities managed by women. To best achieve the goals of the program, AID should channel credit and other forms of assistance through private, nonprofit, community-based agencies that have established links to the very poorest people in urban and rural areas of developing countries.

The Committee is aware of the difficulties AID has experienced in initiating the microenterprise program. There have been various definitions of what constitutes a microenterprise and there have been many voices calling for the program to focus on specific groups. The AID Microenterprise Development Program report to Congress reveals that only one-sixth of the funds used for direct credit in 1989 went toward loans of less than $300. This is far below the expectations of the Committee and must be greatly improved to avoid future earmarking. The Committee is concerned that too few of the microenterprise resources are going to the poorest entrepreneurs in the form of small loans, but notes that in 1989 the average loan size was $387. This is a sign that AID is beginning to move in the right direction.

To assist AID in meeting the goals enumerated above, the Committee recommends that AID use $20,000,000 of the microenterprise funds for loans of less than $300. The Committee is aware of the debate within the PVO community over the wisdom of setting loan limits on a portion of the program in order to meet the goal of targeting small loans to the poorest people.

The Committee reiterates its intent that the microenterprise program benefit the poorest of the poor. To avoid loan size limits in future bills, the Committee suggests that AID, in coordination with its Microenterprise Advisory Committee, provide the Committee with specific actions AID will take to ensure that the Congress' goals in establishing the microenterprise program will be met.

War Victims Fund

The Committee has earmarked $5,000,000 for the war victims fund to be derived from the "Development assistance" account.

This fund was established in 1989 to provide prostheses and related assistance to civilian victims of civil strife and warfare. It has been used to support prosthetics workshops and train local orthopaedic surgeons and technicians in Mozambique and Uganda, and a third program is underway in Laos. The Committee commends the efforts of Health Volunteers Overseas, a United States private voluntary organization that is locating surplus medical supplies and recruiting American doctors and physical therapists to carry out this training in very difficult conditions.

The Committee believes that because of the huge numbers of injured civilians who are in need of emergency medical care in countries whose health care systems have been decimated by war, the

mandate of the war victims fund should be expanded. Accordingly, the Committee has included bill language extending the fund to cover medical and related assistance, including prostheses and vocational rehabilitation and training, for civilian victims of war. It is the Committee's intent that these funds will benefit those individuals who have suffered disabling injuries and who, with this assistance, can become productive members of society. The Committee also intends that war victims projects currently funded with prior year funds may be modified consistent with this expansion of the war victims fund mandate.

In prior reports, the Committee encouraged the administration to investigate the feasibility of using the war victims fund in Angola and Vietnam, which together are estimated to have 80,000 to 100,000 amputees. Cambodia is another country where there are tens of thousands of civilians suffering from disabling injuries caused by war. The Committee is aware that although the United States does not have AID missions in these countries, there are international and private voluntary organizations conducting humanitarian activities in them. The war victims fund was established to alleviate the suffering of civilian victims of war regardless of the political ideology of their government. Thus, the Committee believes that every effort should be made to target a portion of these funds in these countries containing such a large number of civilian war victims. The Committee requests AID to investigate the feasibility of channeling war victims fund assistance through such organizations to civilian victims of war in Angola, Vietnam, and Cambodia with appropriate recognition to the United States for this assistance, and to report its findings to the Committee.

The Committee further requests AID to determine the feasibility of making such assistance available to civilian victims of war in Lebanon, where civil strife has caused thousands of disabling injuries.

Women in Development

The Committee has earmarked not less than $5,000,000 in development assistance funds to be used to encourage and promote the participation and integration of women in the development process in developing countries. The Committee also specifies that of this amount, not less than $3,000,000 is to be used as matching funds to support the activities of AID field missions to integrate women into their programs. The Committee is encouraged by the response of field missions in this regard during the past year.

The Committee is convinced that a high level of participation by women is necessary for the success of development programs. Women in these countries produce and market most of the food and operate many small businesses and increasing amounts of U.S. assistance should be directed to these women who are often the backbone of the economy.

Therefore, like last year, the Committee requires that AID, in the design of country strategies, projects, and programs, seek to ensure that the percentage of women participants will be in approximate proportion to their traditional participation in the targeted activities. In the event achieving this goal is not immediately

possible, AID should cite the obstacles and enumerate the steps that will be taken to overcome those barriers. To the extent that steps are not being taken to remove or overcome obstacles, AID should cite the reasons why.

The Committee commends AID management for their efforts to accelerate the training of AID staff and spread the responsibility for women in development activities among all AID offices. There are signs these actions are paying off and that interest among AID staff in pursuing WID projects is increasing.

In order to ensure that this progress continues, the Committee again urges AID to:

—Incorporate, to the maximum extent possible, the active participation of local women and local women's organizations in all programs, projects, and activities carried out by the AID or its contractors. This participation should include involvement in the planning, design, implementation, management, monitoring, and evaluation of the activities.

—Collect and maintain sex-disaggregated data for every country development strategy statement, project identification document, project paper, program assistance identification proposal, program assistance approval document, policy inventory, and all relevant research projects.

—In AID's participant education and training programs, seek to increase training opportunities for women from all regions and in all sectors and make necessary provisions in training programs for addressing the specific needs of women.

—In designing projects and programs, identify and take advantage of opportunities to assist women in activities that are of critical significance to their self-reliance and development. This should include appropriate extension and related services to women engaged in subsistence or cash crop production and training, technical assistance, credit, and other services to strengthen the managerial skills and capabilities of women, with the special attention to women's institutions and women entrepreneurs.

—Include in project and program evaluations an assessment of the extent to which women are being integrated into the development process and the impact of such project or program on enhancing the self-reliance of women and improving their incomes.

—Report on a biennial basis on its strategies to fully involve women in development and on achievements or obstacles to reaching explicit benchmarks for female participants in strategies, program and project assistance, and policy dialog.

The Committee continues to be concerned about the lack of coverage by aid programs of girls in the approximate age group of 5 to 15. AID is again urged to increase participation of young girls in its education and training programs, to use incentives to encourage host countries to include girls in their programs, and to consider withholding assistance for programs which do not include girls as equal participants.

Cambodian Children

The Committee has earmarked $5,000,000 in development assistance to provide humanitarian assistance to children in Cambodia. These funds are to be provided only through international relief agencies and United States PVO's to children inside Cambodia, and none of the funds are to be available directly or indirectly for the Khmer Rouge.

The pledge by the four parties to the conflict in Cambodia to support the United Nations plan for a peaceful transition to democracy, is the first cause for optimism in that country in recent history. However, even in the best of circumstances that process may take years. In the meantime, millions of children in Cambodia are suffering terribly and are in need of immediate care. Thousands of these children have lost limbs from landmines.

The reports requested by the House Appropriations Committee on the implementation of this provision should also be provided to the Committee.

Malnutrition

Preventing malnutrition, which afflicts an estimated 350 million people (150 million of whom are children) should be a priority of the Agency for International Development and other agencies involved in foreign assistance. The Committee is concerned that AID may not be utilizing its resources as effectively as possible to combat malnutrition. Of particular concern is the apparent lack of coordination between the AID nutrition staff and the Child Survival Program, and the Public Law 480 program which is the largest nutrition resource available to AID. The Senate Committee on Agriculture has expressed similar concerns. The Committee therefore urges AID to review its various nutrition programs to determine how such programs can be made more cost-effective and coordination improved.

Displaced Children

The Committee is alarmed by the growing numbers of orphans, displaced and abandoned children in the Third World. Childhope, an international organization devoted to these youngest victims of war and poverty estimates that as many as 100 million children are abandoned and living on city streets. Many are exploited in dangerous workplaces where they labor as virtual slaves. The Committee urges AID to develop an overall plan for expanding and increasing its assistance to orphans, displaced and abandoned children.

Food Aid Development Grants

The Committee recognizes the important contribution of private voluntary organizations and cooperatives in establishing and administering food aid programs to combat malnutrition and hunger overseas, particularly in sub-Saharan Africa. These regular, nonemergency programs require funds for planning and innovation, expansion to new countries, improving efficiency of delivery and implementation, and technical assistance and training. The Commit-

tee recommends that $7,500,000 be made available to these private organizations and cooperatives under the title II Food Aid Development Grant Program in fiscal year 1991.

Global Poverty Reduction

The Committee reiterates the importance it gives to AID's forthcoming presentation of a system of indicators measuring progress toward poverty reduction, as requested by the Committee in last year's report. The Committee will be especially interested in the extent to which the indicators are fully supportive of the goals established at the World Summit for Children, the extent to which they are arrived at in consultation with nongovernmental organizations in developing countries, and whether they are supportive of contributing measurably to reducing poverty by the year 2000.

Baltic States Economic Privatization Initiatives

The Committee believes that American private voluntary organizations can play an important role in helping individuals and organizations in the three Baltic States of Latvia, Estonia, and Lithuania develop private enterprises in the agricultural, commercial, and industrial sectors, helping in the growing movement to privatize those economies and build strong, free market organizations, and mechanisms. The Committee, therefore, provides $15,000,000 for AID grants to American private voluntary organizations to establish programs in all three Baltic States to accelerate private market economies through technical assistance, know how, programs of instruction, and other useful ways.

Debt for Development

The Committee commends AID for its support of innovative approaches to providing assistance for education and human resources development projects. The International Foundation for Education and Self-Help's [IFESH] debt for development initiative currently underway in Nigeria, Guinea, and Niger, among others, offers a unique model for the much needed development and expansion of the human resource infrastructure in developing countries.

The Committee recommends that AID expand its debt for development initiatives in Africa and elsewhere in the developing world. Attention should be given to initiatives of private voluntary organizations, including PVO joint ventures.

Appropriate Technology International

In its technology and small enterprise development activities Appropriate Technology International assists private small producers in developing countries in implementation of section 107 of the Foreign Assistance Act. In the past, ATI has experienced certain management problems, but the Committee is encouraged that new leadership in 1990 is more sharply focusing ATI's mission, scaling up ATI's collaborative work with major international donors, and providing expert services to USAID missions abroad. The Committee intends that ATI should qualify, along with any cooperative de-

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velopment organization, for development assistance funds appropriated or otherwise made available by this act for U.S. private and voluntary organizations.

AMERICAN SCHOOLS AND HOSPITALS ABROAD

Appropriations, 1990	$34,849,500
Budget estimate, 1991	23,000,000
House allowance	23,000,000
Committee recommendation	35,000,000

The Committee recommends an appropriation of $35,000,000 for the American Schools and Hospitals Abroad [ASHA] Program for fiscal year 1991, $12,000,000 more than the administration's request and the House recommendation.

CHINA PROGRAMS

The Committee is pleased to renew its strong support to three United States programs operating in the People's Republic of China [PRC]: the Fudan University Center for American Studies, the Sino-American Medical Center in Shanghai, and the Johns Hopkins-Nanjing University Center for Chinese and American Studies.

These programs have maintained an active and vital presence in China despite the turmoil of the past year. They continue to operate a regular academic schedule, receive uncensored correspondence and teaching material from overseas, and have remained unmolested by either the central or local governments in China. The programs are a crucial link between the people of the United States and the people of China.

The Committee believes that these programs are among our most important conduits for communicating knowledge and explaining American values and ideals to a Chinese citizenry anxious to accelerate the process of modernization in their country. Education in both the sciences and the humanities provides the intellectual tools essential to this task. Exchange programs, with special emphasis on language skills, provides Americans with unique access to an understanding of the Chinese way of life.

The Committee is disturbed to learn that despite the overwhelming foreign policy interest in these initiatives, the American Schools and Hospitals Abroad Program has chosen to deny funding to both the Fudan Center and the Sino-American Medical Center in fiscal year 1990. The Committee has closely examined these programs and finds that ASHA's contention that they were lax in the obligations of funds is unwarranted and cannot be justified by the facts.

The Committee notes that both the Fudan Foundation and the Shanghai Foundation are engaged in major building projects in China which require careful and thoughtful planning. The Committee is satisfied that the slow obligation and disbursement of funds is consistent with sound management practice, particularly when operating in a country with a nonconvertible currency.

The Committee believes that United States-China relations are too important to the national interest to have their funding left to chance and their survival to the whims of AID personnel. In the

view of this Committee, there is need to ensure the growth and continued development of proven educational, scientific, and humanitarian programs in China—programs upon which our hopes for better relations and broader understanding depend. It is the purpose of ASHA to nurture the programs entrusted to its care. The Committee expects ASHA officials to be their champions, not their adversaries.

Likewise, the Committee calls upon the Chinese to demonstrate their continued commitment to these current enterprises by assuming a greater proportion of their support. The Secretary of State is to report to the Committee no later than March 30, 1991, on the steps taken by the Chinese to assume a greater share of the building, operations, and maintenance cost of these facilities and programs.

THE JOHNS HOPKINS UNIVERSITY BOLOGNA CENTER

The Committee is pleased to acknowledge the major contributions of the Bologna Center as a conduit for American values and ideals in foreign policy, democratic government, free market economics, human rights, and pluralism in a changing Europe. The center continues to foster international cooperation through a diverse range of programs in the fields of international relations and political economy.

The Committee believes that institutions with the reputation and capacity of the Bologna Center will play an increasingly important role in a new Europe. As the community moves toward greater unity in 1992, the NATO alliance undergoes profound transformation, and America's postwar troop presence on the continent is reduced, institutions of higher learning will provide one of our most important bridges to the region.

The Committee recognizes that national security in the 1990's will rely increasingly upon diplomacy and prosperity as the new instruments of deterrence. More than ever, education will be fundamental to peace. The Committee notes that the Bologna Center stands on the geographical and intellectual frontier of the changes in the former Soviet bloc. Astride East and West, it is ideally situated to contribute to these changes and to provide guidance to those societies on how to preserve and nurture their new-found freedom.

The Committee encourages the Bologna Center to take an active role in the development of democratic institutions in Eastern Europe, just as it has contributed mightily to the leadership pool in Western Europe with an understanding of the United States and a commitment to trans-Atlantic cooperation.

The Committee urges AID to provide full funding for the Bologna Center and to take full advantage of the center's resources in its broader Eastern European program.

AMERICAN UNIVERSITY OF BEIRUT

The Committee has been a long supporter of the American University of Beirut [AUB] for its dedication to American principles of education, its efforts to provide essential medical care to the Leba-

nese people, and its reputation for tolerance of diverse cultures and beliefs in a region where tolerance is too often lacking.

AUB is facing extreme financial difficulties as a result of the civil war in Lebanon. It estimates a $7,000,000 operational deficit in fiscal year 1991, of which almost one-half is caused by unreimbursed treatment for the indigent and wounded at the university's hospital. This deficit also takes into account a 100-percent increase in tuition this past year and another 100-percent increase in the coming year. The Committee wishes to see AUB continue its important intellectual and humanitarian contribution in Lebanon, and strongly recommends that AID assist AUB in overcoming its deficit through the ASHA account and with other resources.

PROJECT ORBIS

The Committee continues to support the impressive work of Project ORBIS. Now in their ninth year of service, the Project ORBIS staff have had remarkable success in fighting blindness worldwide, through transferring advanced skills and techniques to ophthalmologists around the world and through providing modern, on-site medical and surgical ophthalmic services on board the ORBIS plane. Over 10,000 people have actually had their sight restored by the ORBIS staff. In addition, Project ORBIS has been acclaimed by numerous heads of state around the world, which has fostered an increased awareness of blindness and eye health worldwide. Therefore, the Committee urges AID to fund the requests for assistance from Project ORBIS.

FEINBERG GRADUATE SCHOOL

The Committee has long supported the Feinberg Graduate School of the Weizmann Institute of Science as an outstanding model of American scientific education for postgraduate students and scholars from around the world. In all respects, the school complies with the goals and criteria of the ASHA program. The Committee believes AID should continue to support this outstanding program.

ESPERANCA

The Esperanca program brings basic medical care to children along the Amazon River in Brazil. American doctors volunteer their time to journey on the river and bring their medical expertise to those in dire need of health care assistance. In the past, Esperanca has been awarded a multiyear grant through the ASHA program. The Committee strongly recommends AID to continue funding this very beneficial program.

CHILDREN'S MEDICAL CENTER OF ISRAEL

The Committee reaffirms its long-standing commitment to the children's health needs around the world and believes that AID's support for a children's hospital in Israel would significantly advance that objective. The Committee recognizes the pressing need for a facility with clinical and research capabilities of the Children's Medical Center of Israel [CMCI], an institution designed to serve the growing medical needs of Moslems, Christians, Druze,

and Jews. The massive influx of new refugees coming into the country has added a new and pressing requirement for modern prenatal, postnatal, and adolescent health care. The Committee believes the hospital is an appropriate candidate for AID funding and recommends its serious consideration.

GIVAT HAVIVA INSTITUTE

The Committee is aware of the efforts by the Givat Haviva Institute to promote better understanding and closer relations between Jews and Arab citizens in Israel.

JERUSALEM ELWYN

Jerusalem Elwyn presently serves 630 children and adults with developmental disabilities at three facilities in east and west Jerusalem. The facilities serve Palestinians and Israelis in programs that represent the highest of American values and techniques in rehabilitation and training as demonstrated over the last 138 years by Elwyn, Inc. in the United States. Jerusalem Elwyn requires funding to develop a comprehensive rehabilitation center in east Jerusalem for Palestinians with developmental disabilities and physical impairments. This center will allow the expansion of existing programs and will serve 130 Palestinians from east Jerusalem and the West Bank.

INTERNATIONAL DISASTER ASSISTANCE

Appropriations, 1990	$29,892,500
Budget estimate, 1991	40,000,000
House allowance	40,000,000
Committee recommendation	40,000,000

The Committee recommends an appropriation of $40,000,000 for AID's "Disaster assistance" account for fiscal year 1991, the same as the House recommendation and the administration's request.

In recent years, the Office of Foreign Disaster Assistance [OFDA] has responded to increasing numbers of emergencies. Yet, customarily for several years the administration has requested $25,000,000 for the OFDA program. This has forced OFDA to use its section 492 borrowing authority to draw funds from other development assistance accounts in AID. Thus, the United States ability to respond to natural disasters, such as the earthquake in Armenia, hurricanes in the Caribbean, and locust swarms in Africa have had to come at the expense of other urgently needed development programs.

The Committee appreciates that the administration has finally requested an increase for OFDA. However, the historical pattern of funding needs, and OFDA's own future projections, indicate that the administration's request for fiscal year 1991, while more realistic than last year, is still too low. The Committee expects AID to submit budget requests that at a minimum reflect OFDA's projected needs. The practice of routine recourse to section 492 borrowing authority to respond to emergencies is unacceptable.

PAYMENT TO THE FOREIGN SERVICE RETIREMENT AND DISABILITY FUND

Appropriations, 1990	$40,147,000
Budget estimate, 1991	40,341,000
House allowance	40,341,000
Committee recommendation	40,341,000

The Foreign Service retirement and disability fund is a mandatory expense of the Agency for International Development.

AID OPERATING EXPENSES

Appropriations, 1990	$429,043,900
Budget estimate, 1991	447,794,000
House allowance	435,000,000
Committee recommendation	435,000,000

The Committee recommends an appropriation of $435,000,000 for the "Operating expenses" [OE] account of the Agency for International Development for fiscal year 1991, the same as the House recommendation. The administration requested $447,794,000, an increase of over $18,000,000 more than the appropriation for fiscal year 1990.

The Committee regrets not being able to fund AID's OE at or above the request level. With many new demands on the Agency from Eastern Europe to Africa to Central America and in expanding program areas such as family planning and energy and forestry conservation, the Committee recognizes the pressing demands on the operational budget, including a need for additional expert staff. However, in order to stay within its budget allocation the Committee chose to limit administrative costs rather than cut programs insofar as possible. The Committee expects AID's leadership to do everything possible to streamline the AID bureaucracy and cut administrative costs.

FAAS PAYMENTS

In fiscal 1990, the Committee recommended a cap of $15,000,000 on payments from AID's OE budget to the foreign affairs administrative system [FAAS] for shared administrative services in Federal Government agency components overseas. The Committee has a longstanding concern about discrimination by the Department of State, which manages the FAAS, against other participating agencies in the provision of services and in the billing for usage of services. However, the Committee has been assured by both the State Department and AID that a cooperative effort is in progress to reform the FAAS system in ways that will make it more equitable for all participating agencies. As a gesture of good will, the Committee has refrained from placing a cap on AID's FAAS payments in fiscal year 1991. The Committee does so on the understanding from State and AID that AID's FAAS bill will not exceed $15,000,000. A sudden, inexplicable jump in FAAS billing of AID by the State Department will lead to an abrupt change in the Committee's attitude about the prospects for cooperative reform of the FAAS. Further, the Committee expects to be briefed on the details of any proposed revision of the FAAS system before it enters into effect. The Committee's primary interests in such a proposed revi-

sion will be enhanced cost effectiveness, improved efficiency, and equity among participating agencies.

Operating Expenses of the Office of the Inspector General

Appropriations, 1990	$30,452,700
Budget estimate, 1991	33,884,000
House allowance	31,384,000
Committee recommendation	33,884,000

The Committee recommends $33,884,000 for the administrative expenses of the AID Inspector General's Office, the same as the administration's request. The House recommended $31,384,000.

STAFFING LEVELS

The Committee notes with approval the fact that the staffing increases for the Inspector General's Office, directed by the Congress and beginning in fiscal year 1988, have been achieved on schedule and are being maintained by the inspector general. The administration's request for fiscal year 1991 reflects the funding necessary to support the fiscal year 1990 levels of staff and inspector general audit, investigative and security functions through fiscal year 1991.

The Committee remains firm in its judgment that the highly vulnerable U.S. foreign aid program must continue to be supported by a strong, professional, vigorous, and objective inspector general operation. Hearings before the Committee in June 1990 on the management of the U.S. foreign aid program served to reinforce this view. As reflected elsewhere in this report, the Agency for International Development is experiencing serious difficulties in managing its complex, extensive and diffused programs. The role of the Inspector General's Office in identifying and reporting on these management problems has been and will remain crucial to their understanding and eventual correction by both the Agency and the Congress.

INSPECTOR GENERAL/OPERATING EXPENSES AND EASTERN EUROPE

The Committee has ascertained that the administration's request for the operating expenses of the AID inspector general reflected no consideration of the new and growing appropriations to the Agency for International Development for the several initiatives for assistance to Eastern Europe. It is, in the Committee's view, of critical importance to the success and integrity of these new and largely untested aid programs in the inherently unstable environment of the region's emerging democracies that they be subjected from the outset to close and continuing inspector general oversight. With that requirement in mind, the Committee is directing the Agency's inspector general to move promptly and in any event not later than March 31, 1991, to establish a regional office in, or contiguous to, the Eastern Europe region adequately staffed and supported so as to maintain a high level of oversight of the U.S. Government's program of assistance to Eastern Europe. The Committee is directing the transfer of $1,000,000 from the appropriation for Eastern Europe to the "Operating expense" account of the AID inspector general to be used primarily to fund this new requirement. The Committee considers this one-time set-aside of less than

one-half of 1 percent of the fiscal year 1991 program total a prudent allocation of funds necessary to the safeguarding of program integrity and effectiveness. The Committee anticipates that the inspector general's heretofore directed staffing level of not less than 240 full-time employees will rise to not less than 251 full-time employees by the end of fiscal year 1991 to ensure adequate accomplishment of this added responsibility.

Finally, to fix responsibility and to preclude any possible bureaucratic confusion, the Committee is requiring that the audit of funds appropriated to the Agency for International Development for assistance to Eastern Europe shall, without regard to transfers to other executive departments or agencies for program purposes, be the responsibility of the inspector general of the Agency for International Development for purposes of the Inspector General Act of 1978, Public Law 95–452, as amended; 5 U.S.C. App.3.

REGIONAL OFFICES

The Committee will this year, as it has in the past, promote the retention of the overseas regional office structure of the inspector general.

Housing Guaranty Program

(LIMITATION ON GUARANTEED LOANS)

Appropriations, 1990	$499,570,000
Budget estimate, 1991	100,000,000
House allowance	150,000,000
Committee recommendation	150,000,000

(LOAN RESERVE)

Appropriations, 1990	$45,000,000
Budget estimate, 1991	48,000,000
House allowance	48,000,000
Committee recommendation	48,000,000

The Committee recommends a limitation of $150,000,000 on loan guarantees under the Housing Guaranty Program, the same as the House recommendation. The administration requested a limitation of $100,000,000 in loan guarantees. The Committee recommends bill language waiving for Chile and Poland the $25,000,000 ceiling on loan guarantees per country for fiscal year 1991. The Committee expects that substantial housing guaranty programs will be initiated in both these nations.

Economic Support Funds

Appropriations, 1990	$3,946,218,500
Budget estimate, 1991	3,544,000,000
House allowance	3,460,000,000
Committee recommendation	3,080,000,000

The Committee recommends an appropriation of $3,080,000,000 for the "Economic support fund" account of the Agency for International Development for fiscal year 1991. For fiscal year 1990, including the supplemental, the Committee provided $3,946,218,500.

For fiscal year 1991 the administration requested $3,544,000,000. The House recommended $3,460,000,000.

ISRAEL

The Committee has earmarked $1,200,000,000 in economic support funds for Israel, the amount requested by the administration. In addition, the Committee has included the longstanding requirement that these funds be provided to Israel as a cash grant within 30 days of the enactment into law of the act, or October 31, 1990, whichever is later.

EGYPT

The Committee has earmarked $815,000,000 in economic support funds for Egypt, the amount requested by the administration, from which cash transfer assistance may be provided. The Committee also provides that not less than $200,000,000 in ESF shall be for the Commodity Import program.

The Committee's concerns and actions regarding Egypt's debt are described elsewhere in this report.

CYPRUS

The Committee has earmarked $15,000,000 in economic support funds for Cyprus, and retained language recommended by the House allowing the use of these funds to support bicommunal projects in Cyprus.

The Committee is concerned about the lack of progress in the U.N.-sponsored talks on a political settlement of the bicommunal conflict in Cyprus which could lead to termination of Turkish military occupation of a portion of that country. The Committee strongly urges both sides to resume talks under the aegis of the United Nations and to resolve promptly this longstanding and tragic dispute.

WEST BANK/GAZA

The Committee has earmarked $12,000,000 of economic support funds for the West Bank and Gaza Program which the Agency for International Development carries out through private and voluntary organizations. Started in 1975, this program focuses on health, education, the construction of rural roads, and institution building. The projects funded include land reclamation, agricultural production, potable water, and credit for farmers.

The Committee understands that this program enjoys substantial success despite the uprising in the West Bank and Gaza. It is widely supported by Palestinians, who recognize the good that it does them, and by Israel, which seeks to improve conditions in the territories. Some of the most effective PVO's participating in the program are indigenous Palestinian organizations. The program is a concrete demonstration of the concern the United States feels for the people of the West Bank and Gaza.

For these reasons, the Committee is disturbed to learn that the Agency for International Development is considering a structural alteration of the West Bank and Gaza program away from develop-

ment and structural projects to a basic human needs approach. Apparently, AID's rationale for such a change is its belief that it cannot continue the current program without AID professionals permanently present in the area to monitor use of the funds. The Committee has expressed its understanding of AID's concern about adequate oversight of funds for which it is responsible, and has urged the Department of State to agree to the stationing of one AID professional at either the Consulate General in Jerusalem or the Embassy in Tel Aviv. The Committee wishes to emphasize both to AID and to the State Department that the present program must continue.

NICARAGUA

The President requested $200,000,000 in economic support funds for Nicaragua. The Committee has not earmarked a specific amount of ESF for Nicaragua in the bill. However, as with the $300,000,000 fiscal year 1990 supplemental appropriation for Nicaragua, the Committee is concerned about the accountability of such a large influx of cash into a country still teetering on the brink of economic and political chaos. Therefore, the Committee requests that the additional funds made available to Nicaragua in fiscal 1991 be audited by the AID inspector general and the General Accounting Office consistent with the requirement contained in the supplemental appropriation for fiscal year 1990 to monitor the use of ESF funds in Nicaragua and to report their findings to the Committee on a regular basis.

The Committee has also received a request from President Chamorro for assistance for the Central American Institute of Business Administration [INCAE]. The Committee is aware that since its foundation a quarter of a century ago, many INCAE graduates have gone on to key management positions throughout Latin America, including in the Chamorro government. The need for trained managers in both the public and private sectors is particularly acute during this period of economic restructuring in Nicaragua. The Committee, therefore, strongly urges AID to target up to $1,000,000 of these funds to support INCAE in Nicaragua in fiscal year 1991.

SUB-SAHARAN AFRICA

The Committee has done its best to refrain from earmarking the "Economic support fund" account. Major earmarks of ESF reflect the administration's own request levels. However, by not earmarking ESF for sub-Saharan Africa, the Committee does not intend that no ESF should be made available to that neediest of regions. Several African countries are urgently in need of quick-disbursing economic aid for what are essentially development needs. The Committee has identified the following countries as the highest priorities for ESF in sub-Saharan Africa, and urges the administration to provide ESF for these purposes:

—South Africa. As South Africa struggles to overcome the devastating effects of apartheid, ESF is needed to continue to provide scholarships to black students to help ensure a smooth transition to a postapartheid society.

—Namibia. After successfully carrying out a peaceful transition to independence, Namibia, badly scarred from years of apartheid and civil war, is faced with daunting economic problems. Forty percent of its citizens are illiterate and basic social services are virtually nonexistent throughout most of the country. ESF is needed for budget support for essential health and education services for this country whose constitution has become a model for democratic government in Africa. The United Sates, which played a key role in the transition process, should assist in Namibia's development so democracy takes hold.
—Other priorities include Nigeria, where ESF is needed to support democratic reforms, and in Senegal to support economic reforms in industry and agriculture.

ADMINISTRATION OF JUSTICE

Due to the extreme pressures on the "Economic support fund" account, the Committee again does not recommend an earmark for the Administration of Justice Program. However, the Committee expects that this program will be fully funded at the request level. The Committee includes language in the bill extending the program through fiscal year 1991.

The Committee is aware of Florida International University's [FIU] innovative work under AID's Administration of Justice Program. The Committee urges that AID continue its support. Continued funding will permit FIU to perform vitally needed research, training, and public education about the administration of justice in Latin America, with an emphasis on promoting fair and independent justice systems. The funds will also enable FIU scholars to carry out a long-term program aimed at strengthening journalism education, training, and research in Central America.

EL SALVADOR—INVESTIGATIONS

The Committee has again earmarked $1,500,000 in economic support funds for the Salvadoran special investigations unit [SIU]. However, unless the Committee sees significant progress in investigating and bringing to trial the murderers of the Jesuits, the Committee will be reluctant to provide any further support to this unit, which was specifically formed to investigate difficult cases like that of the Jesuit murders.

The Committee is very concerned that despite the Congress' original intent that the SIU was to become a civilian law enforcement agency, it remains in every sense part of the Salvadoran military. Given the deplorable human rights record of the military the Committee believes it is essential that steps begin immediately to transfer the SIU from military to civilian control. The Committee has, therefore, included bill language requiring the Salvadoran Government to produce a detailed plan for such action before these funds are released.

SAN SALVADOR POWER & LIGHT CO.

This Committee has, on numerous occasions, implored the Salvadoran Government to end its inaction with respect to the expro-

priation without compensation of the United States-owned San Salvador Power & Light Co. [CAESS]. Despite report language, statement of managers' language, and numerous letters to the Secretary of State, the Salvadoran Government has yet to comply with the dictates of its own supreme court and come to fair and equitable terms with CAESS.

Last year, direct legislative action was taken and some progress was made. Bill langauge was included mandating that the President report on the extent to which the Salvadoran Government has made demonstrable progress in resolving this case prior to the disbursement of ESF funds. A negotiator has now been appointed, and discussions have begun.

Yet, this troublesome case remains unsolved. Accordingly, this year similar langauge requiring that the President report continued demonstrable progress is included.

This Committee believes that it is long past time for the Salvadoran Government to resolve this case. It should either come to terms with CAESS directly or refer the matter to compulsory international arbitration.

DEMOCRATIC INITIATIVES

The Committee has received a report from the Agency for International Development detailing how $15,000,000 is expended in support of its Worldwide Democratic Initiatives Program. The Committee commends AID for this program aimed at strengthening democratic institutions. The Committee encourages AID to make available under its Democratic Initiatives Program not less than $350,000 to private voluntary organizations in Israel and the West Bank and Gaza for educational, cultural, and humanitarian purposes involving both Israeli and Palestinian private citizens. The goal of such efforts should be to strengthen contact and mutual understanding between the Israeli and Palestinian peoples.

TIED AID CREDITS

The Committee recommends language which limits the financing of tied aid credits to $50,000,000 unless the President determines that it is in the national interest to exceed this limit and so notifies the Committees on Appropriations.

ZAIRE

The Committee provides language prohibiting economic support funds to Zaire.

AVAILABILITY OF FUNDS

To provide essential flexibility in the use of ESF funds, the Committee again recommends language in the bill providing that the funds will remain available for 2 years.

EASTERN EUROPE, SPECIAL ASSISTANCE INITIATIVE

Appropriations, 1990	(1)
Budget estimate, 1991	$229,979,400
House allowance	418,675,000
Committee recommendation	320,000,000

[1] Funding for fiscal year 1990 included under other accounts.

The Committee recommends $320,000,000 for the Eastern Europe special assistance initiative. The House recommended $418,675,000. The President requested $229,979,400.

The Committee allocates funding for Eastern Europe as follows:

—$35,000,000 for technical assistance and training, including support for labor activities, scholarship programs, and medical assistance;

—$15,000,000 for technical and other assistance to support housing sectors;

—$75,000,000 for environment and energy activities, with an emphasis on policies encouraging end-use energy efficiency, conservation, and renewable energy resources;

—$7,500,000 for activities to foster democratic pluralism;

—$72,500,000 for the Polish-American and Hungarian-American enterprise funds;

—$65,000,000 for other private enterprise activities, with an emphasis on technical assistance and training for the development of market-oriented policies, financial institutions, private business organizations, and privatization of state business organizations; and

—$50,000,000 for agricultural activities, with an emphasis on technical assistance and training for the development of market-oriented policies, agricultural financial institutions and marketing systems, agribusiness organizations, and privatization of state agricultural organizations.

The Committee intends that the funding of training and training equipment will be eligible uses of each of the above categories. To the maximum extent possible, U.S. private sector expertise will be utilized in all areas and activities supported under this program.

The Committee recommends language permitting the President to transfer funds among these categories of assistance, subject to notification of the Committees on Appropriations through the regular notification procedures. The Committee's intent is to give the President the necessary flexibility to react promptly to demonstrated needs and changed circumstances, after appropriate consultations with the Committee. The Committee expects such reallocation to occur if assistance funds are not employed on a timely basis in any one of the above categories.

The Committee intends that these funds be used in Poland, Hungary, Czechoslovakia, Yugoslavia and Bulgaria, and the German Democratic Republic (and the former area of the GDR after unification of Germany). The Committee remains deeply concerned about events in Romania, and agrees with the skepticism shown by the administration toward the regime now in power. Before United States assistance can be provided to the Government of Romania, there should be convincing evidence of the emergence of genuine

democratic institutions and steps toward the creation of a private sector.

Yugoslavia is a source of concern to the Committee. The fissiparous tendencies of the constituent republics and regions of that country threaten its disintegration. The Committee believes the United States should proceed with caution in providing assistance to Yugoslavia.

PROGRAM COORDINATION

The Committee is concerned about the overlapping assistance programs and the several participating agencies involved in assisting Eastern Europe. As already noted in this report, there are many agencies involved in Eastern Europe, and several types of assistance programs. The Committee has heard numerous complaints from United States businesses that the administration does not have a clear organization, with well-understood procedures and processes for assisting and involving the American private sector in the transformation of Eastern Europe. The Committee strongly urges the administration to develop a plan for sound coordination of all United States assistance activities. Such a plan should provide for maximum involvement of the United States private sector, including business and labor organizations, so that its expertise and resources can contribute to the development of a market economy and democratic institutions in Eastern Europe. The plan should address the need for a lead agency in each of the principal areas of United States effort so there is clear responsibility for coordination and planning. The Committee believes that United States labor and business organizations involved in Eastern Europe and with experience in dealing with existing agency structures and programs should be consulted in the development and implementation of coordination mechanisms within the executive branch.

The Committee requests the President to submit to Congress within 90 days of enactment of this legislation a report covering coordination among the various agencies and programs involved in providing assistance to Eastern Europe, including State, Treasury, AID, Exim Bank, OPIC, TDP, EPA, and Commerce. The report should focus on identifying lead agencies for the different components of United States assistance to Eastern Europe, as well as procedures and mechanisms for providing the United States private sector access to support for eligible activities. There must be stronger coordination, clearer implementation, and better information provided to American businesses and other organizations which should participate in United States assistance in Eastern Europe.

Further, the Committee requests that not less than 180 days after enactment of the bill, the President submit to Congress a report on implementation of United States programs of assistance in Eastern Europe. In the preparation of that report, United States labor, business and other organizations involved in United States activities in Eastern Europe should be consulted and their views on coordination, implementation, and access to information, programs, and assistance should be reflected.

ENTERPRISE FUNDS

The Committee is concerned with the lengthy delay in beginning operations of the Polish-American and Hungarian-American enterprise funds. Nearly 1 year has passed since Congress approved the President's request to establish these funds as a primary source of United States assistance to emerging private sectors in Hungary and Poland. The record of activity is as yet too sparse for the Committee to draw any conclusions about the effectiveness of the enterprise funds and about whether they represent any model for how U.S. assistance could be channeled to other Eastern European countries. The Committee intends to monitor closely the activities of the enterprise funds in the coming year, and expects the administration to keep it regularly and closely informed about the performance of the funds.

The Committee agrees with House language restricting expenditure of Polish-American and Hungarian-American enterprise funds to the minimum rate necessary in order to make timely payment for projects and activities. The Committee is aware of concerns about this provision and, therefore, would like to emphasize that the intent of this language is related solely to financial management necessary because of severe budgetary shortfalls for foreign assistance in general. This provision is not meant nor should it be used by the Agency for International Development to in any way interfere or have any input whatsoever to program content of these funds. AID's role is simply to write the check on a periodic basis when the enterprise funds determine that additional funding is necessary. The Committee expects those associated with the Polish-American and Hungarian-American enterprise funds to notify the Committee immediately if AID attempts to utilize this provision of law in any other way than it is intended.

ENVIRONMENT AND ENERGY ASSISTANCE

The Committee is well aware of the drastic environmental destruction in Eastern Europe and the severe energy-related problems throughout the region. Every country in Eastern Europe suffers from deep environmental damage compounded by backward, inefficient, and harmful energy infrastructures. The Committee has specifically allocated $75,000,000 to assist the nations of Eastern Europe to begin dealing with the legacy of four decades of Communist mismanagement. However, the Committee fully understands that massive resources over many years will be needed to remedy the catastrophic pollution and environmental damage, and to rebuild an appropriate, efficient, and environmentally sound energy sector. The United States will doubtless be assisting the recuperation of Eastern Europe for years to come. The Committee strongly urges the administration to consider carefully a strategy and an organizational structure for U.S. participation over the long term.

The Committee recognizes that a strong American business presence in Eastern Europe depends in part on strong scientific and technological ties. Additionally, a major effort to modernize the economies and clean up the environments of those countries will result in an expansion of American exports and the creation of American jobs. Therefore, the Committee recommends that up to

$1,000,000 of these funds be made available to initiate a competitive grants initiative within the region, to be administered by AID's program in science and technology cooperation. The Committee is aware that this may require a modest increase in staff.

ENERGY AND ENVIRONMENTAL INSTITUTE

Under the SEED I legislation, the United States has established the Budapest Regional Environmental Center, which focuses on questions of environmental policy and dissemination of information. A companion organization is needed to organize cooperative research and development in energy and environmental needs in Eastern Europe. The Committee urges the allocation of up to $500,000 to fund a prototype United States-Polish energy and environmental institute as a counterpart to the Budapest Regional Environmental Center. The focus of the institute should be the relationship between energy production and conservation on the one hand, and environmental problems on the other.

ENERGY/ENVIRONMENT TECHNICAL ASSISTANCE

To assist Eastern European nations in decentralizing governmental structures and to transfer environmental expertise, the Committee encourages projects like the Center for Clean Air Policy State Energy and Environment Exchange Program [CCAP/SEEEP]. The nations of Eastern Europe face serious problems in setting up decentralized management systems to deal with environmental problems and face a bewildering array of conflicting proposals from consultants to remedy specific environmental and energy problems. The CCAP/SEEEP program (which the Committee anticipates would be funded at approximately $500,000) will match U.S. State and local environmental agency expertise with Eastern European governments needing assistance in making environmental management and project-specific decisions. Support from their U.S. State and local counterparts will ease the transition from a command-style structure for dealing with energy and environmental problems to a decentralized approach responsive to a market economy. The Committee believes the program for Eastern Europe should include projects such as the CCAP/SEEEP.

AGRICULTURAL ASSISTANCE

Central to the development of strong private enterprise economies in Eastern Europe will be the emergence of an efficient private agricultural sector. For that reason, the Committee has added agricultural assistance as a seventh broad category of assistance to those recommended by the House. The Committee believes that the focus of the U.S. program of agricultural assistance should be on those constraints which most directly affect the ability of the Eastern European agricultural sectors to perform their catalytic role in moving their economies toward a true free market economy. The Committee expects the U.S. agricultural assistance program to focus on the development of market information for agribusinesses and farmers, the creation of agricultural financial institutions to provide sound credit to farmers and small and medium agribusi-

nesses, creation of market systems for agricultural systems internally and for export, establishment of agricultural business organizations, privatization of state agricultural enterprises, and the transfer of new technologies to farmers and small- and medium-size agribusiness organizations. Once again, the Committee is concerned about the lack of a lead agency to ensure adequate planning and coordination of United States efforts to provide assistance in Eastern Europe.

FARMER TO FARMER

The Committee is pleased with the achievements of the farmer-to-farmer program being conducted in Poland. This effort, which brings American farmers to Poland to assist in the development of an efficient private agricultural sector, is proving to be of great value in the transformation of the Polish economy. The farmer-to-farmer program should be quickly expanded to central and Eastern Europe. Therefore, the Committee strongly recommends that funding out of the special assistance initiative for Eastern Europe for this farmer-to-farmer program be increased to not less than $2,000,000 in fiscal year 1991. The success of this program leads the Committee to believe a companion effort should now begin to bring Eastern European farmers to the United States to learn American methods and practices. The Committee believes AID should rapidly develop a new farmer-to-farmer program for this purpose, and commit at least $2,000,000 to this effort.

MIDWEST-EASTERN EUROPEAN DEVELOPMENT PROGRAM

The Committee is aware that agribusinesses in the Midwest have organized a program to assist in the development of the private sector in Eastern Europe and to promote trade between the area and the United States. The Midwest-Eastern European Development Program is aimed at assisting agricultural-based small- and medium-sized businesses in developing and exploiting trade opportunities in central and Eastern Europe. The program will provide indepth seminars in both the United States and Eastern Europe for small- and medium-sized businesses on market, investment, and trade opportunities. The Committee believes this program should be supported by up to $1,000,000 in funds provided in the Eastern Europe special assistance initiative for agricutural assistance.

INFRASTRUCTURE

The Committee recognizes the need for certain key capital equipment projects to revitalize the infrastructure of Eastern European countries. Telecommunications, power, transportation, air traffic control, construction and other heavy equipment sectors in the United States can play a vital role in providing infrastructure needs. Broad use of U.S. infrastructure technologies, equipment, and expertise can establish long-term investment opportunities for American industry and business. However, as in most areas in Eastern Europe, American business is at a disadvantage relative to its competitors due to the close collaboration between those competitors and their governments in coordinating and implementing

aid and investment strategies, and in the massive amounts of official assistance flowing from our trading competitors into Eastern Europe. The Committee is aware of and shares the administration's reluctance to resort to tied aid practices. Yet, when faced by widespread use of such practices by our competitors, the United States has no choice but to respond in kind if agreement cannot be reached—and enforced—to avoid tied aid arrangements in Eastern Europe. The Committee supports the administration in using tied aid to support infrastructure and other capital equipment projects when necessary to respond to such practices by our competitors.

TELECOMMUNICATIONS

Of special concern is the area of telecommunications. The entire telecommunications systems of Eastern Europe are antiquated, inefficient, and inadequate. If Eastern European economies are to function under modern conditions, these telecommunications systems will have to be replaced fairly rapidly. This presents a major market opportunity to the American telecommunications industry. However, our major trading partners and competitors are offering financing well in excess of any amounts that U.S. firms can offer. This places U.S. industry at a competitive disadvantage, which is not being rectified by aggressive financing and assistance policies and programs by the administration. The Committee strongly urges the administration to take prompt and effective steps to ensure that the U.S. telecommunications industry remains fully competitive against foreign firms backed by their governments in the rebuilding of telecommunications systems in Eastern Europe.

RURAL TELEPHONE SYSTEMS IN EASTERN EUROPE

The expansion of rural telephone service in Eastern Europe is essential to political democracy and agricultural growth. During Communist control, limited telephone service was generally controlled by party officials and provided through inefficient state monopolies which placed a low priority on rural areas. Today, farmers spend a considerable amount of time traveling from place to place for essential agricultural inputs since they lack phone service. Foreign companies are discouraged from rural investment in production and farm facilities because there is no way to communicate to the market and arrange day-to-day business affairs.

United States rural telephone systems, which were at a similar disadvantage in the 1930's and 1940's, are about to launch a program to assist in the development of pilot telephone systems in Poland, where today there are only six phones per 100 rural residents. In other Eastern European countries, rural service is also lacking such as in Romania with less than four phones are per 100 people.

The Committee supports the self-help, cooperative approach to bringing rural telephones to Eastern Europe. U.S. rural telephone cooperatives are willing to donate modern telephone equipment and send experienced volunteers to provide technical assistance. Most importantly, with decade-long waiting lists, Poles, Hungarians, and other Eastern Europeans have asked for United States

help and are poised to undertake self-help, community-based telephone systems.

COOPERATIVE TRADE AND DEVELOPMENT CENTER

The Committee believes European cooperatives, which have over 100 million members, will play a major role in the rebuilding of the economies of Eastern Europe. However, these cooperatives have become arms of the centralized economies. They need to be revitalized and privatized so that they can add dynamism to emerging private sectors.

The Committee is encouraged that several United States agricultural cooperatives have agreed to invest capital and provide technical support over a 5-year period for a Cooperative Trade and Business Development Center in Eastern Europe. This private sector support is contingent upon United States Government financial assistance to the center over 5 years for technical assistance, a cofinancing investment fund for Eastern European cooperatives, and a loan fund to finance trade activities. The center, to be located in Eastern Europe, will be a focal point to bring together United States and Eastern European cooperatives to develop business relationships and to strengthen local cooperatives, promote United States investments, and establish mutual trade opportunities. To take advantage of this commitment by the United States private sector, the Committee recommends that not less than $1,500,000 of funds provided for assistance in Eastern Europe be allocated for fiscal 1991, and for each year thereafter through fiscal 1995 for this purpose.

FREE ENTERPRISE TRAINING

The Committee emphasizes the urgent need in central and Eastern Europe for basic education and training in free market economics and commerce. Many universities and colleges in the United States have special capabilities to provide accelerated training in the fundamentals of the operations of the free enterprise system, including money and banking, international trade and finance, financial management, corporate investment and finance, and marketing. The Committee strongly encourages AID to utilize funds available for private enterprise development and training for Eastern Europe to support training of Eastern European businesspeople and entrepreneurs at American universities and colleges and other private institutions with special expertise. AID should work through volunteer organizations and groups, such as the North American Consortium for Free Market Study and others, that are capable of providing such education and training on a broad scale.

PRACTICAL BUSINESS TRAINING PROGRAM

The Committee believes there is a need for a practical business program to provide critically needed applied business management training skills and practical business training to the nations of Eastern Europe. Such training should encourage both U.S.-based and host country-based activities, including internships in the U.S.

private sector. It should take place at an institution or institutions with recognized expertise in business, international training, and continuing education, and should be part of a broad institutional commitment to such activities so that Eastern European trainees, government agencies, and entities can rely on long-term appropriate followup and consultation to ensure effectiveness of the program. Evidence that an institution has an ongoing established agreement for training with appropriate Eastern European entities and agencies should be a factor in determining the siting of the program.

SALZBURG SEMINAR ENDOWED SCHOLARSHIPS

The Committee urges the allocation of funds for the establishment of endowed scholarships for leaders of emerging democracies in Eastern Europe and elsewhere by American nonprofit educational institutions currently operating in central Europe.

The Committee supports the efforts undertaken by the Salzburg Seminar, founded in 1947, to provide training on free-market economics and critical environmental issues for the next generation of leaders in emerging democracies. The Salzburg Seminar was originally established just after the close of World War II to open dialog between parties separated by that conflict. It is in the United States' national interest for training programs with such a proven track record to be made available promptly to Eastern European leaders.

The Committee recommends that funds be made available to establish endowed scholarships for the Salzburg Seminar, and to supplement seminar funds for program and training costs. Such efforts are fully consistent with the objectives of United States educational and cultural exchange programs in central and Eastern Europe: to work directly with emerging leaders to provide training on free-market economics, democratic principles, and the critical environmental challenges for the generation ahead.

AMERICAN STUDIES PROGRAMS

The profound changes in Eastern Europe provide this country with new opportunities for bringing American democratic traditions to these countries. For many years, American universities have offered American studies programs at European institutions of higher learning and have also provided opportunities for faculty exchanges. This has not been the case, obviously, at universities in Eastern Europe. The Consortium for Atlantic Studies, in cooperation with the German Studies Association, however, has developed an American studies program to be established at universities in the German Democratic Republic [GDR]. This program would provide an important role model by exposing students and faculty in the GDR to American democratic ideals. It will also provide students a view of German, American, and world history untainted by Nazi or Communist ideological propaganda.

Under this initiative, an exchange program for both university faculty and students will be coordinated in addition to the establishment of programs in American history, politics, government, literature, and society, as well as the English language at GDR uni-

versities. Additionally, libraries at these institutions will be expanded to include American books and learning materials. The universities will also gain access to academic computer networks to which they have been excluded in the past. The program reinforces the goals enumerated in the Helsinki Charter and will be a vital link to maintaining our future, transatlantic relationship with a unified Germany, the European community, and other Eastern European countries. The Committee recommends that $990,000 be allocated for the costs associated with the general administrative needs for initiating this program.

ANDREI SAKHAROV EDUCATIONAL EXCHANGES

The Committee is aware of a program that has been authorized as part of the assistance package to Eastern Europe. The Andrei Sakharov Educational Exchange Program would establish graduate exchanges in the environment and health sciences, two areas of key importance to the region. The Committee believes this program merits support from the funds for Eastern Europe.

RULE OF LAW INSTITUTE

The Committee encourages support for the Rule of Law Institute, a program which, in conjunction with the American Bar Association, would provide technical assistance to help Eastern European governments modernize their legal systems. The technical assistance would focus on the pillars of a functioning rule of law system—human rights, independence of the judiciary, freedom of expression, and an economic legal structure that is compatible with the free world.

STRENGTHENING LIBRARIES

Years of war, censorship, and the sale of national treasures, as well as underfunding and prohibitions on Western materials, have depleted the resource base of libraries throughout Eastern Europe. This has denied citizens and scholars in those countries the materials necessary to study, understand, and apply democratic principles as well as access to their own cultural heritage. Rebuilding those libraries is important for the economic and political restructuring of these countries.

The New York Public Library is a major public research institution with longstanding relationships with libraries in Eastern Europe. It has an unparalleled collection of retrospective and current materials on the region. It also has an active periodical preservation program, extensive bibliographic resources, and strong cooperative relations on Eastern Europe with major universities. The Committee urges AID to carefully examine the need for revitalizing the long-neglected libraries in Eastern Europe and the establishment of working relationships between those institutions and the New York Public Library.

PUBLIC HEALTH

The Committee notes the crisis in health care in Poland, including the serious health effects of air and water pollution, and urges

AID and other bodies which administer programs for Eastern Europe to place special emphasis on public health projects in Poland, particularly cooperative projects with United States universities such as Johns Hopkins University, which has internationally recognized expertise in this area.

COOPERATION WITH THE STATES

Many Governors have developed innovative and practical projects linking their States with Eastern Europe, and the Committee feels that the administration should establish a specific point-of-contact and mechanism for working with the States.

The Committee also urges the Eastern Europe program coordinator to provide not-for-profit institutions and appropriate state government offices or agencies financial support to undertake project feasibility and market studies utilizing the Department of State's Trade and Development Program, AID's Private Sector Initiative Program and other appropriate programs, with the objective of enhancing the role of the states in meeting the goals of the Eastern Europe program.

COOPERATIVE HOUSING

The Committee strongly supports a major focus in the assistance to Poland on revitalizing housing cooperatives to stimulate the economy through rapid job creation and to provide desperately needed housing. U.S. cooperative housing organizations, such as the Cooperative Housing Foundation, have the capability to provide technical assistance to develop new strategies and production techniques to strengthen the housing sector.

INDEPENDENT AGENCIES

AFRICAN DEVELOPMENT FOUNDATION

Appropriations, 1990	$8,846,300
Budget estimate, 1991	11,500,000
House allowance	13,000,000
Committee recommendation	13,000,000

The Committee's recommendation for the African Development Foundation [ADF] is $13,000,000, the same as the administration's request and the House recommendation.

The Committee recommendation for the ADF reflects satisfaction with the goals of the Foundation. The Committee strongly supports the kind of small-scale, self-help projects funded by ADF. The Committee's recommendation is dictated by budget constraints.

According to the World Bank, the number of people living in poverty in Africa is expected to increase to 265 million by the year 2000, up from 180 million today. ADF has a key role to play in promoting sustainable development in these impoverished countries in a manner consistent with its budgetary limitations and programmatic mandate.

During the past year, the Committee has, on occasion, raised questions about ADF's allocation of resources. For example, ADF originally proposed to spend $240,220 for an 8-day workshop for Sahelian and East African pastoralists in October 1989, including

$91,114 for transportation, $50,118 for salaries and per diem for workshop staff, $1,350 for a walk-around allowance, and $103,342 to produce and distribute a video of the workshop. The Committee recognizes the value of such a unique effort to bring together representatives of different cultures who are facing similar development difficulties. However, at the Committee's request, certain of these costs were reduced or eliminated. The Committee wishes to emphasize that ADF funds are to be allocated for their maximum impact to meet basic human needs and foster sustainable development. Administrative and logistical costs must be kept to a minimum.

The Committee is concerned with the pace at which the administration is nominating members to the board of directors of ADF. Four of the five private sector board positions are either vacant or are filled by members whose term has expired. The Committee hopes that nominations are not being delayed because of the change in law providing for a bipartisan makeup of the Board. The Committee calls on the administration to make the nominations in a timely manner.

The Committee is pleased by the progress being made on the joint ADF-African Development Bank training and credit facility and encourages the two parties to complete negotiations in time to implement a pilot project by March 1, 1991.

Inter-American Foundation

Appropriations, 1990	$16,859,192
Budget estimate, 1991	16,941,000
House allowance	25,000,000
Committee recommendation	25,000,000

The Committee recommends an appropriation of $25,000,000 for the Inter-American Foundation, the same as the House. The administration requested $16,941,000.

The Committee recognizes the unique role that IAF has played in promoting grassroots, self-sustaining development in the region. The Committee's recommended appropriation for IAF reflects its strong support for this program.

The Committee is concerned about the impact of inflation and local currency devaluations on the IAF's social progress trust funds. The Committee requests the IAF to provide it with an analysis of the condition of the social progress trust fund, with recommendations for measures that may be necessary to maintain the effectiveness of the fund.

Overseas Private Investment Corporation

(LIMITATION ON DIRECT LOANS)

Appropriations, 1990	$19,914,000
Budget estimate, 1991	23,000,000
House allowance	40,000,000
Committee recommendation	40,000,000

(LIMITATION ON GUARANTEED LOANS)

Appropriations, 1990	$211,537,500
Budget estimate, 1991	185,000,000
House allowance	250,000,000
Committee recommendation	250,000,000

The Committee recommends a limitation of $40,000,000 on OPIC direct loans and $250,000,000 on guaranteed loans. The House recommended the same ceilings on direct loans and guaranteed loans. The administration requested $23,000,000 in direct loans and $185,000,000 in guaranteed loans.

The Committee believes that OPIC activities are vital to help American businesses remain competitive in the international marketplace. OPIC assists U.S. investors by insuring investment projects against political risks, by financing investment projects through direct loans or loan guarantees, and by providing a clearinghouse of joint-venture and country-specific information.

The Committee is encouraged by the progress of the African Growth Fund and the Eastern European Growth Fund. These investment vehicles will mobilize vital new economic activity by stimulating private sector growth.

The Committee is pleased with the advancement of the sustainable resource fund and it recommends that the Agency for International Development consider further funding for the not-for-profit entity of the fund which will conduct feasibility studies and prepare plans for suitable projects which would qualify for investment from the sustainable resource fund.

Peace Corps

Appropriations, 1990	$165,648,960
Budget estimate, 1991	181,061,000
House allowance	186,000,000
Committee recommendation	186,000,000

The Committee recommends an appropriation of $186,000,000 for the Peace Corps for fiscal year 1991, an increase of $20,351,040 over fiscal year 1990. This is the amount recommended by the House. The administration requested $181,061,000.

The Committee is deeply concerned by reorganization schemes at the Peace Corps which have resulted in the deemphasis of such activities as women in development, fisheries training, and agriculture training. The reorganization appears to significantly change the Office of Training and Program Support and conversely emphasize so-called domestic program activities.

These changes have created significant suspicion and concern among both Peace Corps employees and return Peace Corps volunteers. The Committee has not been able to address these various changes because the Peace Corps has chosen not to consult on them. The Committee expects the Peace Corps to cease any further changes until the Committee has been fully consulted on all aspects of these changes including effects on the various offices, budgets, et cetera.

The Committee understands that the General Accounting Office is investigating the Peace Corps health care delivery system. In this regard, the Committee is concerned that the Peace Corps has

never developed standards describing the health care to be provided to its volunteers, does not provide adequate training to its health care workers, and is unable to effectively assess the quality of the health care its volunteers are receiving. The Committee is also concerned that former volunteers suffering from illnesses related to their former service with the Corps may not be receiving medical care entitled them through the Federal Employees Compensation Act. Accordingly, the Committee directs the Peace Corps to investigate and improve their health care delivery system. For example, the Corps should inform its volunteers of the health care benefits they are entitled to, provide its health care personnel with adequate training, and consider certification of its health care system by professional health care organizations.

WORLD WISE PROGRAM

The Committee encourages the Peace Corps to continue its goal to promote a better understanding of other people on the part of the American people. In particular, the Committee encourages the expansion of the World Wise Schools Program to help American school children learn more about geography and other cultures, to stimulate global awareness, and to promote volunteerism in young children.

DEPARTMENT OF STATE

INTERNATIONAL NARCOTICS CONTROL

Appropriations, 1990	$113,040,500
Budget estimate, 1991	150,000,000
House allowance	150,000,000
Committee recommendation	150,000,000

The Committee recommends $150,000,000 for the State Department's International Narcotics Control Program, which is the same as the administration's request. However, the Committee recommends that not more than $117,792,000 be available for obligation until the Secretary of State submits a report to the Committees on Appropriations describing measures being taken to remedy management problems in the INM Bureau.

For the past several years, the Committee has provided significant and increasing amounts of assistance through the International Narcotics Control Program and other programs to combat illicit drug cultivation and production overseas. The Committee is fully committed to supporting a strong and effective international counternarcotics program. However, as the Committee noted in last year's report, "Despite a doubling of funding for the INM program since 1985, the flow of dangerous drugs into the United States has increased dramatically." While some small progress has been reported by INM recently in eradicating some coca production in the Andean region, it is obvious that the State Department's International Narcotics Control Program has been woefully inadequate to markedly reduce drug production or to stem the flow to America's streets.

Moreover, the Committee is disturbed by a scathing report by the State Department inspector general of January 1990 on manage-

ment effectiveness, personnel quality, and morale and program implementation in the INM Bureau. This report details severe deficiencies in the INM Bureau that clearly are a major element in reducing its contribution to the national counternarcotics strategy. The report cites insufficient priority given to the narcotics issue by senior management; a lack of clearly defined goals and objectives; high susceptibility to waste, fraud, and abuse, particularly in INM's aviation program; confusion over responsibilities within the Bureau; and inadequate coordination as contributing factors to the Bureau's overall poor performance.

To provide incentive to the Department of State to continue urgently needed changes in the INM Bureau, the Committee has included language in the bill withholding a portion of the fiscal 1991 appropriation for INM until the Secretary of State reports on steps to overcome the problems in this Bureau. The Committee understands some reforms have already been undertaken in INM and more improvements will be forthcoming. The Committee expects the Secretary to provide this report promptly so the full appropriation may be made available to INM.

The administration's budget request for fiscal year 1991, although $35,000,000 above last year's appropriation, is still far too little to address the root causes of the drug trade—poverty, unemployment, and official corruption in the drug-producing countries. The Committee believes that unless far more attention is given to supporting these countries' efforts to provide adequate economic alternatives to coca and opium farmers, the crisis will continue.

The Committee continues to believe that despite the paucity of positive results thus far that the administration's antinarcotics strategy is achieving its goals, the United States must send a strong signal that it is determined to combat the international drug menace. It has, therefore, recommended the full amount requested by the administration for the INM account for fiscal year 1991, subject to a report from the Secretary of State.

SENSORED DRUG INTERCEPTOR AIRCRAFT FOR DRUG SOURCE AND TRANSSHIPMENT COUNTRIES

The Committee is aware of a unique opportunity for the international narcotics matters [INM] program to lease/purchase a fleet of existing, sensor-equipped T–47 drug interceptor aircraft, beginning in fiscal year 1992, at a dramatic savings over the procurement of new aircraft. A lease for these aircraft is currently held by the Navy but will expire on October 1, 1991. This lease would include a full spares stock, training and support equipment package to operate and maintain these sophisticated interceptor aircraft. In concert with the President's national drug control strategy priorities, the Committee believes that these aircraft should be made available through INM to drug source and transshipment countries to assist their drug enforcement personnel in combating narcotics smugglers. These aircraft would also be used in joint antidrug operations with the United States.

Therefore, the Committee encourages the Department of State, through the international narcotics matters program, to thoroughly examine the possibility of executing a lease-purchase agreement

for these T-47 interceptor aircraft beginning in fiscal year 1992, and to examine how best to deploy these assets in drug source and transshipment countries identified in the President's annual narcotics control report to the Congress. The Committee further hopes that the Department request sufficient funds in its fiscal year 1992 budget to cover the cost of this package in fiscal year 1992 and estimates for the subsequent fiscal years if it determines that lease or purchase of this equipment is warranted.

MIGRATION AND REFUGEE ASSISTANCE

Appropriations, 1990	$443,409,000
Budget estimate, 1991	450,648,000
House allowance	485,648,000
Committee recommendation	485,648,000

The Committee recommends $485,648,000 for the Migration and Refugee Assistance Program, the same as the House recommendation. The administration requested $450,648,000 for fiscal year 1991.

Once again, the administration has presented the Committee with a crisis in U.S. refugee programs. For fiscal year 1990, despite awareness that its request was totally inadequate, the administration proposed $370,000,000 for the Migration and Refugee Assistance [MRA] Program of the Department of State. In February 1990, as predicted by the Committee in its report last year, the administration was compelled to make a supplemental request for $70,000,000 in additional funds for the MRA Program. Congress increased this amount to $75,000,000 in the supplemental appropriation, making the total for the MRA account in fiscal 1990 $443,409,000 after the sequester. Thus, the administration's fiscal year 1991 request is an increase of barely $7,000,000 over fiscal year 1990.

For fiscal year 1991, the administration's request breaks down into two parts: $185,200,000 for refugee admissions to the United States, and $215,220,000 for refugee assistance abroad. This compares with fiscal year 1990 totals, including the supplemental of $231,949,000 for refugee admissions and $168,653,000 for refugee admissions.

The world's refugee population has soared from 9 million in 1984 to over 15 million in 1990. In fiscal year 1984, the United States contributed $205,000,000 for refugee assistance, including $111,000,000 through the U.N. High Commissioner for Refugees [UNHCR]. In fiscal year 1990, the United States contributed $168,000,000 for refugee assistance, including an estimated $110,000,000 to the UNHCR. This trend in real cuts in U.S. contributions through the UNHCR is paralleled in all the international refugee relief organizations. Since the mid-1980's, U.S. per capita assistance to refugees abroad has declined from approximately $20 per year to under $10 per year.

The consequences of this decline have been catastrophic. The UNHCR, for example, has reduced the distribution of food, cooking oil, blankets, tents, and shelter materials in refugee camps. Up to one-quarter of a million infants are suffering from malnutrition and susceptible to infections in their weakened state. The death

rate among the child population of many camps administered by the UNHCR can be expected to soar. Primary education assistance for children has been crippled, depriving the refugees of any hope for a better life for the next generation. These implications for refugees cared for by the UNHCR can be repeated for all the major international relief agencies.

Yet, the administration has sought to shift to Congress the responsibility for managing the funding tradeoffs. While it has requested a badly needed $47,000,000 increase for refugee assistance, finally reversing the downward trend since fiscal year 1985, its budget is inadequate for refugee admissions. The administration is aware that Congress strongly supports a well-funded refugee admissions program, in keeping with this Nation's traditional welcome for those fleeing persecution. The administration obviously has decided to leave it to Congress to deal with the crisis in refugee funding.

The administration's refugee admissions request is predicated on admission of not more than 50,000 Soviet Jewish refugees, of which only 40,000 are to be fully funded by the Migration and Refugee Assistance Program. As with fiscal year 1990, administration planning is based on the assumption that private voluntary organizations will fund the 10,000 unfunded Soviet Jews admitted in refugee status. As administration experts privately admit, this assumption is unfounded. The private voluntary organizations are incapable of funding an additional 10,000 admissions and the Committee understands the administration is already planning on funding the entire 50,000 anticipated admissions in the expectation that Congress will provide the needed funding beyond the budget request.

The options open to the Committee are:

—Provide the request level and demand a fiscal year 1991 supplemental appropriation to make up the shortfall all know exists, as in fiscal year 1990. This allows the administration to blame Congress for busting the budget.

—Reduce the amounts available for refugee assistance and shift those resources to refugee admissions. This is unacceptable on all counts. This means further deprivation and even death for the millions of refugees in crowded refugee camps in Africa, Asia, and elsewhere. Moreover, the refugee admissions support groups have informed the Committee they do not wish to see shifts of funds from refugee assistance to refugee admissions.

—Increase the "Migration and refugee assistance" account at the expense of other administration priorities in the foreign assistance program to cover the shortfalls in refugee admissions.

The Committee has adopted the latter course. It has increased funding for the MRA by $35,000,000. Within the overall MRA level, it has earmarked $45,000,000 to assist the settlement of the massive influx of refugees to Israel within the pre-June 1967 borders. The Committee expects all of the increase above the request to be available to fund refugee admissions to the United States, including the 10,000 Soviet Jews not planned to be funded under the administration's request.

To prevent the administration from meeting possible shortfalls in refugee admissions funding by taking funds out of refugee assistance, the Committee has included bill language requiring notifica-

tion under the regular notification procedures of the Committee before any transfers of funds may be made from the "Refugee assistance" account to the "Refugee admissions" account. The Committee is determined to protect the desperately needed increase in refugee assistance funding.

The Committee states emphatically that it expects a realistic budget request for the "Migration and refugee assistance" account in fiscal year 1992. Moreover, the Committee stresses that the responsibility for any supplemental request in fiscal year 1991 to make up for shortfalls in the refugee program rests squarely on the administration, which presented what it knows is an inadequate request.

INDOCHINESE REFUGEES

With clear breaches of the comprehensive plan of Action [CPA] by countries such as Malaysia and Hong Kong, first asylum in the region remains tenuous. Malaysia has pushed off thousands of asylum-seekers from its shores and continues to do so. Meanwhile, Hong Kong forcibly repatriated 51 Vietnamese in December 1989 and has failed to incorporate badly needed reforms into its screening program. The Committee strongly condemns these actions and urges all signatories to the CPA to work within the CPA framework to preserve and promote a safe and humane refugee policy in the region.

The Committee urges the administration to adopt an aggressive and proactive strategy to preserve the CPA and first asylum in the region. To that end, the Committee earmarks $10,000,000 for implementation of the CPA, some of which should be used to hire additional attorneys to represent the interests of asylum-seekers in Hong Kong and other countries of first asylum.

With burgeoning refugee crises in the Middle East and Africa drawing increasing and deserved attention, the Committee believes that it is important not to forget the refugees and displaced persons who have been stranded on the Thai-Cambodia border and again earmarks $1,500,000 for the Thai-Cambodia border protection program. It is the intention of Congress that protection strategies follow a comprehensive Embassy approach.

The Committee recommends continuation of the Antipiracy Program and earmarks $1,500,000 for that purpose. The Committee expressly forbids the expenditure of U.S. funds by local authorities to deny asylum to asylum-seekers.

Recent reports by the World Federation for Mental Health and the World Health Organization document the appalling conditions prevalent in these camps. Incidents of chronic malnutrition, suicide attempts, depression, and physical and sexual abuse are common. The Committee urges the administration to press the Thai authorities to allow UNBRO 24-hour access to the camps and to improve the overall conditions in the camps by providing more food and water, increased living space, greater employemnt and educational opportunities, better mental and physical health services and adequate interpreter services.

The Committee remains very concerned about militarization of the border camps. The Committee commends those Thai officials

who have suggested the establishment of neutral refugee camps on the border. On the other hand, the Committee is disappointed that the administration failed to follow up on this Thai initiative in a serious manner. The Committee urges the administration to work to solve the problems inherent in the neutral camp proposal rather than dismiss the proposal out-of-hand as unworkable.

In order to ensure the continued success and viability of the Affected Thai Village Program, the Committee strongly supports $5,000,000 for the U.S. contribution to this program.

TIBETAN REFUGEES

China continues to repress the Tibetan people. The Committee is aware that Tibetan refugees continue to escape to India and Nepal. They are assisted by the Central Tibetan Administration, under the leadership of the Dalai Lama. While the present regime clings to power in Beijing, there is no foreseeable prospect of these refugees being able to return home. Therefore, the Committee has earmarked $1,000,000 in Migration and Refugee funds to assist these refugees.

UNITED NATIONS RELIEF AND WORKS AGENCY

The United Nations Relief and Works Agency for Palestine refugees is facing heavy demands on its limited resources as a result of increased injuries in the intifada. The Committee joins the House in recommending that the U.S. contribution to the UNRWA return at least to the fiscal year 1987 level of $67,000,000.

BURMESE STUDENTS

The Committee has earmarked $250,000 for assistance to any Burmese person in Burma or Thailand who has been displaced as a result of events relating to civil conflict. The Committee intends these funds to be used to benefit those displaced Burmese who are most in need, with particular attention given to displaced Burmese students at or near the Burmese-Thai border.

REFUGEES AND DISPLACED PERSONS IN THE MIDDLE EAST

Iraq's invasion of Kuwait and the resulting crisis in the Persian Gulf has resulted in huge migrations of displaced persons and refugees to surrounding countries. Such outflows are likely to continue.

The Committee commends current administration efforts to address this human crisis, but believes that further initiatives would strengthen such efforts. Continued drawdowns of the emergency refugee and migration assistance fund to address this crisis would negatively affect the U.S. ability to respond to other critical refugee crises abroad. Other donor nations face the same considerations.

Therefore, the Committee urges the administration to make humanitarian assistance a high priority when seeking financial support from other nations. The Committee also supports the establishment of a United Nations relief fund for the gulf and encourages the administration to assist repatriation efforts through the use of military transport with space available and to provide U.S.

technical and logistical experts to support relief operations in the region.

Emergency Refugee and Migration Assistance Fund

Appropriations, 1990	$74,785,000
Budget estimate, 1991	25,000,000
House allowance	35,000,000
Committee recommendation	26,500,000

The Committee recommends $26,500,000 for the ERMA. The administration requested $25,000,000. The House recommended $35,000,000.

The ERMA is available for emergency refugee needs not foreseen in the regular MRA budget request.

Anti-Terrorism

Appropriations, 1990	$9,973,927
Budget estimate, 1991	12,026,000
House allowance	12,026,000
Committee recommendation	12,026,000

The Committee recommends $12,026,000 for the Department of State's Antiterrorism Program, the same as the administration request and the House recommendation.

The Antiterrorism Program helps other countries improve their capabilities to deal with terrorist threats through a wide variety of training programs including hostage negotiations, maritime port and aviation security, and canine explosive detection. Since its inception in 1984, 9,000 officials from about 60 countries have taken part in the program.

Current law requires that all antiterrorism training be provided within the United States. The Committee has included bill language that will allow certain antiterrorism courses to be taught in the recipient country. This should result in more effective and cost-efficient training by allowing security officials to be trained at the airports and harbors where they will actually work rather than in U.S. facilities which have working and security conditions far different than those found in nations receiving antiterrorism assistance. In many cases, training the students in their own country saves the cost of transportation and per diem for students in the United States. It is less expensive to send two or three instructors overseas than to bring 30 students to the United States for a specific course.

In last year's report the Committee directed the Department of State "to devise a more effective means for disseminating travel advisories to the American public so that they may be more fully informed of the risks of international travel." The Committee requested that this information be outlined in the Department's fiscal year 1991 congressional presentation document [CPD].

Apparently the Department either failed to read the Committee's report or chose to ignore it, since there is no mention of this subject in the fiscal year 1991 CPD. Accordingly, the Committee directs the Department to submit a report to the Committee containing this information by March 1, 1991.

EASTERN EUROPE AND ANTITERRORISM

The Committee is encouraged by the recent statements by officials of the new democratic governments of Eastern Europe that they oppose international terrorism. Many of these governments have pledged to cooperate with the United States to uncover the active support provided to international terrorists and terrorist organizations by the former Communist regimes in their countries.

Recent disclosures strongly suggest that the protection afforded to terrorists by some Eastern bloc Communist countries, as well as assistance in the form of operational training, planning, and logistical support, may have contributed both directly and indirectly to the deaths of many American citizens over the years.

In support of the continuing fight against international terrorism, the Committee requests the Department of State to provide a report, in both classified and unclassified form, by July 1, 1991, on efforts by the democratic governments of Eastern Europe to expose current and past terrorist activities supported directly or indirectly from their soil.

The Committee notes that on July 23, 1990, the Governments of Great Britain and Czechoslovakia signed an agreement in which they agreed to share information on terrorism, drugs, and other crimes. The Department of State is urged to explore the possibility of a similar agreement with Czechoslovakia and other emerging Eastern European democracies and should report on the progress of its discussions in its semiannual reports to the Committee.

TITLE III

MILITARY ASSISTANCE

Foreign Military Financing

Appropriations, 1990	$4,703,179,556
Budget estimate, 1991	5,016,900,000
House allowance	4,634,920,800
Committee recommendation	4,692,268,056

The Committee recommends $4,692,268,056 for the Foreign Military Financing Program, of which $4,664,347,256 is for grant assistance, and $27,920,800 is for military assistance administration costs. The House recommends $4,634,920,800, of which $405,000,000 is to be made available as concessional loans, and $4,229,920,800 grants. The House recommends $27,920,800 for military assistance administrative costs. The administration requested $5,016,900,000, with none in the form of concessional loans.

The Committee's recommendation represents a cut of $324,631,944 from the President's request and $10,911,500 from the amount appropriated for foreign military financing for fiscal year 1990. The reduction reflects both a policy choice and budget necessity.

Within the amounts available for FMF, the Committee earmarked $1,800,000 for Israel, $1,300,000 for Egypt, $545,000,000 for Turkey, $381,500,000 for Greece, and $52,000,000 for Morocco.

In addition, to help Israel respond more rapidly to the danger of an Iraqi attack, the Committee recommends bill language requiring that $1,695,000,000 of Israel's FMF be disbursed within 30 days of enactment of the act or October 31, whichever is later. It is the Committee's intent that any additional funds that Israel may derive from early disbursement of its FMF be used solely for purposes applicable to funds appropriated under the Foreign Military Financing Program heading. The Committee has also increased to $475,000,000 the amount of Israel's FMF which may be expended for offshore procurement. The Committee emphasizes its intention to continue providing this authority for the foreseeable future in order to allow Israeli defense authorities to plan essential procurements in a more cost-effective manner.

Under the allocation for foreign assistance, the Committee could not have provided the President's request for military assistance. Within an allocation that amounts to a real cut in foreign aid, the Committee cannot fund the President's priorities at his request level and also meet congressional priorities as well. Extremely difficult choices must be made. The Committee has chosen to increase economic and development assistance to the Third World, particularly to sub-Saharan Africa, and to help United States businesses

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compete more equitably in the competition for markets in developing countries.

Even with the crisis in the Persian Gulf, the Committee is convinced fundamental changes in the international security situation, especially the waning of the Soviet and Warsaw Pact military threat, necessitate a reconsideration of the role of United States military assistance. The Committee understands deterring Communist aggression was not the only rationale for U.S. military assistance. Clearly—and the Committee was convinced of this even before Iraq's aggression against Kuwait—the United States must continue to provide effective military assistance to allies and friends. Within the funds made available for the Foreign Military Financing Program, the Committee is providing the full request for Egypt, Turkey, and Morocco, all states which are actively participating in deterring Iraqi aggression.

There are serious threats to regional peace and stability which pose dangers to the security of U.S. allies and of democratic nations. The United States must continue to help its allies and friends maintain their security. A sensible, balanced military assistance program will continue to be necessary for the foreseeable future. Nevertheless, with the alteration of East-West relations and the decline in the military threat posed by the Soviet Union, the Committee believes there is a strong prospect of a new era of international cooperation and collective security. In the Committee's view, increasingly, in many areas of the world, the real threats to security and stability are not military, but lack of economic development, endemic poverty, political injustice, environmental destruction, overpopulation, and the failure to develop democratic political systems and open, free economies. Over time, the Committee believes the United States should carefully and in a measured way, devote a growing proportion of its limited foreign assistance resources to bilateral and multilateral development assistance, humanitarian aid, and U.S. export promotion assistance, rather than to increased military aid.

ARMS TRANSFERS TO TAIWAN

The basic policy of the United States with respect to arms transfers to Taiwan are contained in the explicit provisions of the Taiwan Relations Act of 1979. The United States-P.R.C. joint communique of 1982 has been employed by the Department of State as the basis for U.S. arms transfer policy rather than the law. This has sometimes resulted in arbitrary restrictions of arms transfers which are inconsistent with the Taiwan Relations Act of 1979. It is the Committee's view that arms transfers to the Republic of Taiwan shall be made pursuant to the provisions of the Taiwan Relations Act of 1979.

REPEAL OF BAN ON SALE OR TRANSFER OF UNITED STATES MILITARY EQUIPMENT TO QATAR

The Committee recognizes that the Government of Qatar has been very cooperative with international and United States defense efforts opposing Iraq's aggression against Kuwait. It has opened its airfields to United States transport planes and personnel under Op-

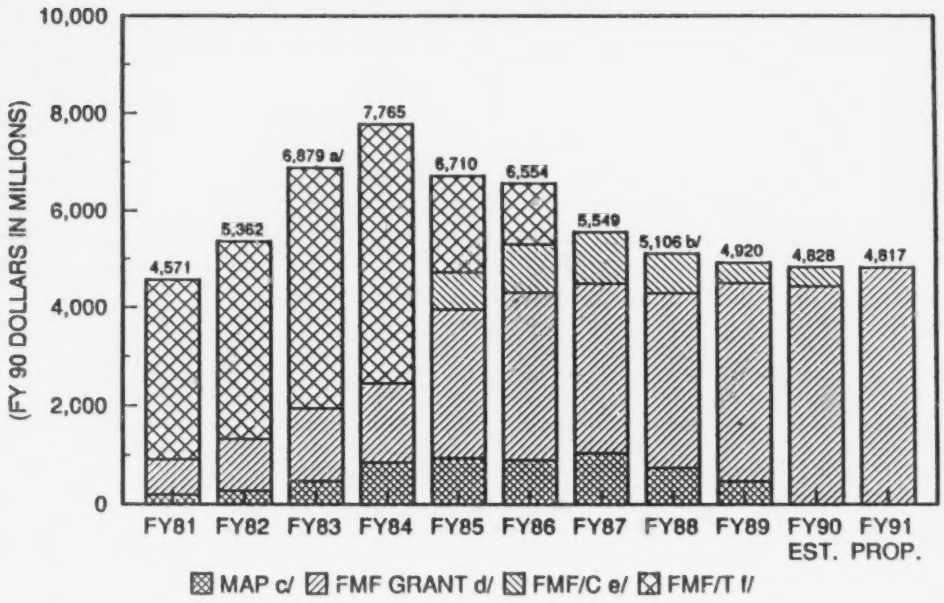
eration Desert Shield and has strongly supported the economic embargo against Iraq. It has also joined with a majority of its fellow Arab League members in condemning Iraq's actions. These are positive developments and ones which the Committee supports and encourages. Therefore, the Committee suggests that Qatar should be brought into a closer relationship with the United States and our allies. For this reason, the Committee has included bill language repealing section 566(d) of the fiscal year 1989 Foreign Operations appropriations bill.

The Committee remains very concerned, however, about the Stinger missiles which were illegally obtained by Qatar. The Committee expects these Stingers to be returned to the United States and expects the State and Defense Departments to continue their discussions with the Government of Qatar about the return of these Stingers, and report to the Committee on progress in those discussions no later than April 1, 1991.

The following graphs detail the amounts provided for the foreign military financing program in constant and current dollars and amounts of U.S. military export sales:

FOREIGN MILITARY FINANCING PROGRAM
FY 1981 - FY 1991

(CONSTANT FY 90 DOLLARS IN MILLIONS)



a/ Includes a supplemental of $293.5 million.

b/ Reflects net budget authority after recission on $32 million applicable to fiscal year 1985 and 1986 appropriations.

c/ Military Assistance Program grant funding after 1981 merged into the FMS Trust Fund for the purchase of defense goods and services under the Arms Export Control Act, pursuant to Sec. 503(a)(3) FAA.

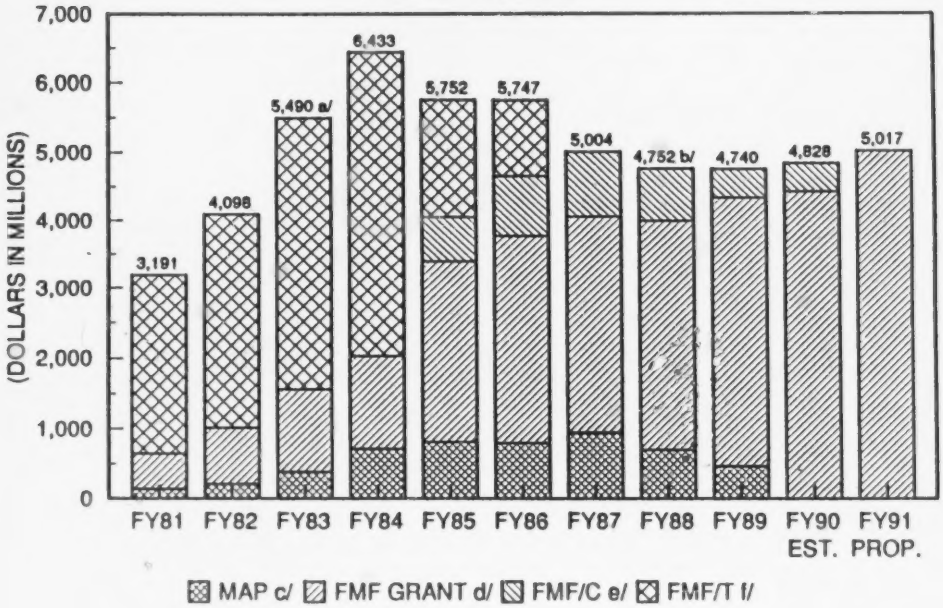
d/ Foreign Military Financing Program grant funding. Prior to FY 1989 funds provided in the form of non-repayable FMS Credits.

e/ Foreign Military Financing Program concessional rate loans (not less than 5%)

f/ Foreign Military Financing Treasury rate loans

FOREIGN MILITARY FINANCING PROGRAM
FY 1981 - FY 1991

(CURRENT DOLLARS IN MILLIONS)



a/ Includes a supplemental of $293.5 million.

b/ Reflects net budget authority after recission on $32 million applicable to fiscal year 1985 and 1986 appropriations.

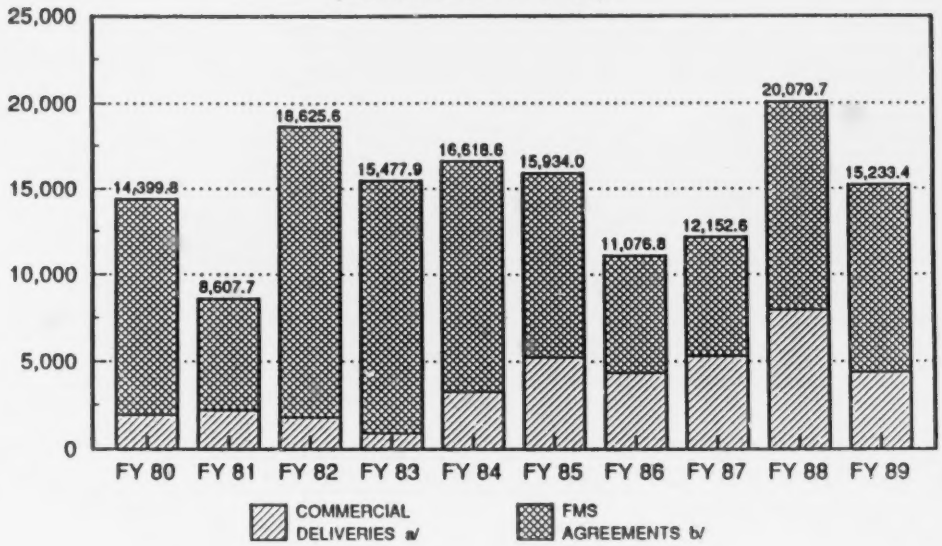
c/ Military Assistance Program grant funding after 1981 merged into the FMS Trust Fund for the purchase of defense goods and services under the Arms Export Control Act, pursuant to Sec. 503(a)(3) FAA.

d/ Foreign Military Financing Program grant funding. Prior to FY 1989 funds provided in the form of non-repayable FMS Credits.

e/ Foreign Military Financing Program concessional rate loans (not less than 5%)

f/ Foreign Military Financing Treasury rate loans

U.S. MILITARY EXPORT SALES
FY 1981 - FY 1989
(MILLIONS OF DOLLARS)



a/ Deliveries by U.S. industry direct to foreign purchasers which are not administered by the Department of Defense, for foreign national funds. Data are based on the value of exports to foreign countries and international organizations for which licenses were issued by the Office of Defense Trade Controls, Department of State.

b/ Represents the total dollar value of government-to-government sales agreements under the Arms Export Control Act for sales of defense articles and services.

International Military Education and Training

Appropriations, 1990	$47,196,180
Budget estimate, 1991	50,500,000
House allowance	47,196,000
Committee recommendation	47,196,000

The Committee recommends $47,196,000 for the International Military Education and Training Program. The House recommends $47,196,000. The administration requested $50,500,000.

The Committee recommends bill language prohibiting IMET training programs in Liberia, Somalia, Zaire, Sudan, and Malyasia. With the military establishments of the first four nations engaged in blatant abuse of human rights, the Committee can find no justification for the provision of free military training. As for Malaysia, the Committee cannot support the provision of grant military training when the government of that nation is refusing asylum to refugees fleeing Vietnam. The callous push back policy of forcing

boats loaded with refugees back out to sea is a human rights abuse which is intolerable.

Last year, the Committee reiterated its continuing concerns about the International Military Education and Training Program, and directed that the General Accounting Office, as well as the Department of Defense, conduct reviews of this program. Those reports have been received, and they bear out the Committee's views about the lack of clear objectives and the absence of a means to evaluate the accomplishments of the IMET Program. The United States needs a well-designed, cost-effective program to provide high quality professional training to help modernize the military establishments of our allies and friends. The Committee is strongly interested in working with the Defense Security Assistance Agency to make the IMET Program more responsive to the changing world into which we are entering. Therefore, the Committee recommends bill language dedicating $1,000,000 in IMET funds in fiscal year 1991 to expanding existing courses and developing, designing, and implementing new courses of instruction for officers and civilian managers and administrators of defense establishments. These courses are to focus on intensive, professional-level training in management of defense ministries, forces and budgets, and in creating and implementing effective military justice systems and codes of conduct, with a special emphasis on the protection of human rights.

In order to allow the expansion of IMET into professional defense management training for civilian officials, the Committee recommends bill language expanding existing authorities to permit training of civilian personnel in defense resource management, understanding and respect for civilian control of the military, and in improving and managing military justice systems in accordance with internationally recognized human rights.

The Committee is encouraged by the positive response of IMET managers to this initiative. Discussions with IMET officials suggest there is a common understanding of the desirability of new directions and new dynanism for this program. The Committee emphasizes its intention to build on this initial effort through increased funding support for this new focus for IMET emphasis in the future. The Committee expects to see a continued expansion of IMET activities in this new direction. In order to evaluate DSAA's response to this initiative, as well as its preliminary planning for future growth, DSAA is to provide a report to the Committee no later than July 15, 1991, on implementation of this initiative in fiscal 1991 and projections for fiscal 1992. This report should contain data on costs for implementation in the current fiscal year as well as estimates of incremental costs for expansion in the next fiscal year.

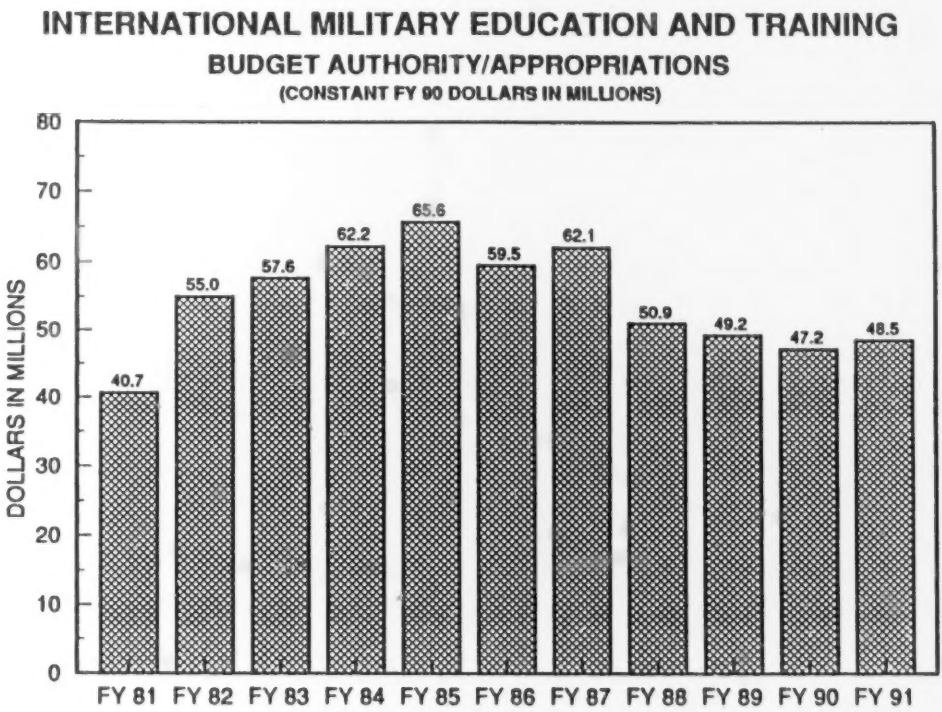
NATION BUILDING TRAINING

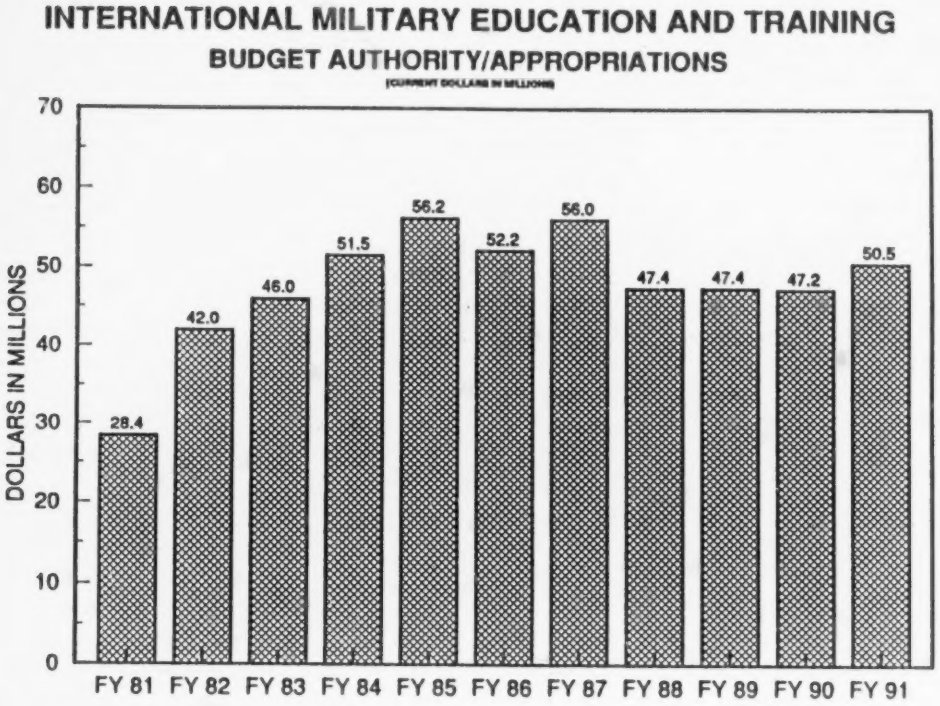
The Committee believes that military professionals in certain countries would benefit from training which enhances their ability to construct public works and to engage in other activities helpful to the economic and social development of their countries.

According to a June 1990 General Accounting Office study of the IMET program, many officials familiar with IMET believe that the program should include more nation building training to enhance military skills in such areas as engineering, medicine, and logistics.

The Committee requests the Department of Defense to initiate a pilot program in nation building in a suitable country. In doing so, the DOD should consider the increased use of mobile training teams to achieve this objective. The use of U.S. National Guard units under title 10 training exercises should also be considered as a possible component of any such pilot program. Finally, the DOD should examine options for making available any necessary equipment for this purpose.

The following tables details the amounts provided for IMET in constant and current dollars:





Guaranty Reserve Funds

Appropriations, 1990	$719,545,000
Budget estimate, 1991	587,061,000
House allowance	587,061,000
Committee recommendation	587,061,000

The guaranty reserve fund is a mandatory account.

Special Defense Acquisition Fund

(LIMITATION OF OBLIGATIONS)

Appropriations, 1990	$278,796,000
Budget estimate, 1991	325,000,000
House allowance	278,796,000
Committee recommendation	350,000,000

The Committee recommends a ceiling on the special defense acquisition fund of $350,000,000. The House recommended a ceiling of $278,796,000. The administration requested $325,000,000.

To assist Israel to maintain its security in the face of the extraordinary threat from Iraq, the Committee recommends bill language which will authorize the President to finance the purchase by Israel of equipment from the SDAF with payment to be made in increments of one-third by September 30, 1991, one-third by September 30, 1992, and one-third by September 30, 1993. Additional bill language recommended by the Committee provides that $100,000,000 of the $350,000,000 ceiling on SDAF financing during

fiscal year 1991 shall be available to finance purchases by Israel under this repayment arrangement.

PEACEKEEPING OPERATIONS

Appropriations, 1990	$32,773,479
Budget estimate, 1991	32,800,000
House allowance	32,800,000
Committee recommendation	32,800,000

The Committee is recommending $32,800,000 for peacekeeping operations, the same as the administration request and the House recommendation. These funds are voluntary United States contributions to support the United Nations peacekeeping operations, such as in Cyprus and the Sinai.

The Committee notes the crucial role of United Nations peacekeeping forces in the successful transition to independence in Namibia and the demobilization of the Nicaraguan resistance. With the relaxation of tensions between the superpowers and the acceleration of diplomatic efforts to resolve regional conflicts, the role of U.N. peacekeeping forces is likely to increase. The Committee does not believe U.S. peacekeeping contributions should continue to be made on an ad hoc basis, with funds transferred from other accounts as was done in the case of Namibia. The Committee believes strongly that the capacity of the United Nations to mobilize peacekeeping operations should be strengthened and that the administration's budget requests for peacekeeping activities should anticipate these needs.

TITLE IV

EXPORT ASSISTANCE

EXPORT-IMPORT BANK

(LIMITATION ON DIRECT LOANS)

Appropriations, 1990	$612,355,500
Budget estimate, 1991	500,000,000
House allowance	750,000,000
Committee recommendation	750,000,000

(LIMITATION ON GUARANTEED LOANS)

Appropriations, 1990	$10,191,407,800
Budget estimate, 1991	10,599,064,000
House allowance	10,599,064,000
Committee recommendation	10,599,064,000

(LIMITATION ON ADMINISTRATIVE EXPENSES)

Appropriations, 1990	$21,905,400
Budget estimate, 1991	23,171,000
House allowance	23,171,000
Committee recommendation	23,171,000

APPROPRIATION FOR TIED AID

Appropriations, 1990	$109,527,000
Budget estimate, 1991	114,000,000
House allowance	150,000,000
Committee recommendation	150,000,000

APPROPRIATION FOR INTEREST SUBSIDIES

Appropriations, 1990	$19,914,000
Budget estimate, 1991	
House allowance	8,000,000
Committee recommendation	25,000,000

The Committee recommends $750,000,000 for direct loans, $25,000,000 for the interest equalization program, $150,000,000 for tied aid, $10,599,064,000 for guaranteed loans, and $23,171,000 for administrative expenses associated with the operation of the Export-Import Bank.

In last year's report, the Committee expressed its concern over what was seen as a lack of support for the operation of this institution. Since that time, while pockets of opposition remain in OMB and the Department of the Treasury, the Committee is encouraged by the new leadership of the Bank. Still, the Committee does not believe that the resources finally requested by the administration are sufficient and, therefore, has recommended substantial increases.

EXIM BANK LOANS TO IRAQ

The Committee is deeply concerned that the Export-Import Bank [Exim] may have failed to exercise proper oversight in the extension of credits and credit guarantees to Iraq for United States chemical products. The current chemical weapons threat posed to American and allied forces in the Middle East lends new urgency to this issue.

Last year the Bank provided Iraq with approximately $200,000,000 in direct loans and credits for the purchase of American industrial products. Some of these products, in particular chemical agents, have a military application and may have been diverted to Iraq's massive chemical weapons program.

For nearly 3 years, the Committee has been aware of Iraq's determination to use and acquire weapons of mass destruction, including chemical weapons. Iraq used chemical weapons extensively in its war with Iran and in 1988 directed them against its own Kurdish citizens, killing an estimated 6,000. The country is reportedly developing both a nuclear and biological weapons capability as well as the ballistic missile technology needed for their delivery.

Last year, the Committee amended section 512 of the fiscal year 1990 foreign assistance bill to prohibit any obligations or expenditures of the Export-Import Bank from benefiting several countries, including Iraq. Loans, credits, insurance, and guarantees provided by the Bank significantly enhance the ability of countries to acquire American goods and technology on favorable financial terms.

The Committee is concerned that Exim may have contributed to the enhancement of Iraq's chemical weapons arsenal by providing loans and credit guarantees for the purchase of industrial chemicals and pesticides. The Committee believes these decisions may have resulted from a number of factors, including: the Bank's eagerness to promote United States exports regardless of their possible end-use, an incomplete export review process, a disregard of Iraq's documented history of chemical weapons use, and a failure to consider broader United States national security interests.

Whatever the reason, the Committee is very concerned that the Bank persisted in its effort to sell certain chemicals to Iraq, even after this Committee and others raised questions about their possible misuse. Clearly, in the future, Exim-financed chemical sales will have to be judged against a far more rigorous standard.

The Committee expects the Export-Import Bank to report, no later than November 15, 1991, on its dealings with Iraq since 1980, with particular emphasis on the financing of chemical exports, directly or indirectly, to any agency, entity, company or person, public or private, subject to Iraqi jurisdiction. The report should encompass a full review of all relevant Bank documents and materials bearing on dual use products provided directly or indirectly to Iraq since 1987.

TRADE AND DEVELOPMENT PROGRAM

Appropriations, 1990	$31,499,400
Budget estimate, 1991	30,000,000
House allowance	35,000,000
Committee recommendation	35,000,000

The Committee recommends an appropriation of $35,000,000 for the Trade and Development Program for fiscal year 1991, an increase of $5,000,000 over the administration request. The House recommended $35,000,000.

TDP promotes U.S. exports for major development projects in middle income and developing countries by funding feasibility studies, consultancies, training programs, and other project planning services. TDP grants are awarded to U.S. companies that are involved in host country development project planning. These companies help position potential U.S. suppliers of goods and services for follow-on contracts when these projects are implemented.

The Committee is recommending an increase in funding for the Trade and Development Program [TDP] in recognition of it effectiveness in aiding development in and promoting U.S. exports to emerging democracies in Eastern Europe and Latin America. It is the strong sentiment of the Committee that TDP be encouraged to continue working as an independent agency responding to new opportunities around the world.

In the countries where the Trade and Development Program operates, the Committee recognizes that U.S. participation in joint ventures not only promotes development, but also enhances long-term trade relationships with the United States. The Committee encourages TDP to continue to develop innovative methods to assist U.S. companies which seek to invest in productive enterprises when those efforts will produce near and long-term export benefits for the United States. The Committee further encourages TDP to continue its close cooperation with the States.

Trade Credit Insurance Program

(LIMITATION ON GUARANTEES)

Appropriations, 1990	$398,280,000
Budget estimate, 1991	400,000,000
House allowance	400,000,000
Committee recommendation	400,000,000

The Committee recommends a limitation of $400,000,000 on guarantees provided under the TCIP. This is the same limitation requested by the administration and recommended by the House. The $400,000,000 is again divided into a $200,000,000 program for Central America and a $200,000,000 program for Eastern Europe. The Committee provides bill language permitting the use of TCIP guarantees for medium-term loans by the Export-Import Bank in Eastern Europe.

GENERAL PROVISIONS

The following explains changes the Committee is recommending to general provisions contained in previous law, as well as new provisions recommended by the Committee:

Sec. 512 has been revised to eliminate the national interest waiver authority contained in current law.

Sec. 515 has been revised to provide deobligation-reobligation authority for the FMF program and to delete reobligation authority with regard to ESF funds.

Sec. 517 has been revised to have AID (including inspector general) operating expense funds appropriated in the bill be treated as no-year funds if obligated during the current fiscal year.

Sec. 518 has been revised to exempt funds appropriated by the act which are made available for Nicaragua from the limitations contained in the section.

Sec. 521 amends current law to consolidate several related provisions contained in current law into a single section.

Sec. 531 is a new provision concerning military assistance for El Salvador. This provision is discussed separately earlier in this report.

Sec. 533 amends current law to require certain environmental programs and activities during the current fiscal year. This provision is discussed separately earlier in this report.

Sec. 541 amends current law to include Guatemala, Chile, Yemen, and Haiti as countries for which prior notification is required before any funds can be obligated.

Sec. 543 amends current law to permit AID to use the services of personal services contractors from PVO's, in addition to individuals from other institutions, in the provision of AIDS and child survival assistance. The ceiling for this authority has also been raised to $8,000,000.

Sec. 544 amends current law to allow the sale of certain safety-of-flight equipment for Chile.

Sec. 546 amends current law by continuing the reciprocal leasing authority for another year.

Sec. 549 amends current law to permit the obligation and expenditure of funds notwithstanding the absence of authorizing legislation.

Sec. 551 amends current law to continue the authority for an Israeli-Arab scholarship program through the current fiscal year.

Sec. 553 amends current law to allow the sale of depleted uranium shells notwithstanding the country limitations contained in the section if the President determines that it is in the national interest of the United States to do so.

Sec. 557 is a new provision which directs the establishment of a Commission on Foreign Assistance Management. The provision is discussed earlier in the report.

Sec. 559 amends current law to provide authority for ESF and military programs as part of the Andean drug initiative. In addition, it waives the application of provisions of law which might inhibit economic activities in any major drug producing country attempting to develop economic alternatives to coca production. Also, any requirement to apply section 481(h) (regarding the withholding of funds to major drug producing countries) of the Foreign Assistance Act of 1961 would be applicable to funds appropriated by this bill. The Committee is aware that other legislation is pending before the Congress that may modify the application of section 481(h) and expects that the requirement contained in this bill be read consistently with any such legislation that might be enacted.

Sec. 562 is a new provision which permits the use of current and prior year funds for assistance for Burmese students located outside Burma and for democratic pluralism activities.

Sec. 567 amends current law to permit the expanded participation of disadvantaged enterprises in AID programs.

Sec. 568 amends current law by repealing a provision of the fiscal year 1989 Foreign Assistance Appropriations Act which banned sales of United States military equipment to Qatar.

Sec. 573 amends current law to make permanent the authority to locate stockpiles in major non-NATO ally countries, raises the current stockpile authority to $278,000,000, and earmarks $200,000,000 of that amount for stockpiles in Israel.

Sec. 574 amends current law by (1) extending the current waiver authority contained in section 620E(d) of the Foreign Assistance Act to April 1, 1992, and (2) requiring a Presidential certification before any security assistance funds appropriated in the bill can be made available for Pakistan. All assistance made available for Pakistan in the bill is made subject to the Committee's congressional notification requirements.

Sec. 575 amends current law regarding the deposit of local currencies in separate accounts. This provision is discussed earlier in this report.

Sec. 576 amends current law to permit OPIC activities in Eastern Europe.

Sec. 578 amends current law by placing in a single section, salary restrictions on U.S. executive directors to multilateral development banks which were are currently contained in several provisions of the fiscal year 1990 appropriations act.

Sec. 579 is a new provision which provides the President with the authority to enter into an agreement restructuring Polish debt and prohibits the obligation of funds for the European Bank for Reconstruction and Development until such an agreement is reached and other conditions are satisfied. The President, however, may obligate funds for the EBRD notwithstanding these limitations but only through the Committee's prior notification procedures.

Sec. 580 is a new provision which permits an FMF recipient to use its current FMF allocation to repay prior FMS debt.

Sec. 581 is a new provision which requires that all agencies submitting congressional presentation documents include within them funding projections for each of their major programs for the year for which funds are being requested and the following 2 years. This requirement begins with the request for fiscal year 1992.

Sec. 582 is a new provision which requires that Secretary of State submit a listing of countries violative of internationally recognized human rights. The provision is discussed earlier in the report.

Sec. 583 is a new provision which directs the use of certain Polish currencies held by the United States for use in Project Judaica in Krakow, Poland.

Sec. 584 is a new provision which directs the Secretary of the Treasury, in negotiations on the establishment of the European Bank for Reconstruction and Development, to seek the incorporation of environmental considerations within the operating procedures of the Bank.

Sec. 585 is a new provision which permits AID to retain the proceeds of the sale of property under section 636(c) of the Foreign Assistance Act and reuse those funds for the same general purpose.

Sec. 586 is a new provision which prohibits assistance to any country not in compliance with United Nations-sponsored economic sanctions against Iraq unless the President makes certain determinations.

Sec. 587 is a new provision which limits military assistance only to democratic governments or governments which are making significant progress toward democracy. The limitation may be waived by the President if he determines that it is in the national interest to do so. The provision is discussed earlier in this report.

Sec. 588 is a new provision which provides equitable treatment of the AID inspector general's foreign service criminal investigators/inspectors with their civil service counterparts.

Sec. 589 is a new provision which amends the contingency authority contained in section 451 of the Foreign Assistance Act to increase the amount to $50,000,000 and to clarify that this is a ceiling for the exercise of this authority in any fiscal year.

Sec. 590 is a new provision which establishes a cap on the administrative costs that can be paid from certain administrative surcharges and logistic support charges levied under the authority of the Arms Export Control Act.

Sec. 591 is a new provision which, as discussed earlier in this report, applies certain specified sanctions against Iraq.

Sec. 592 is a new provision which increases the number of countries eligible for excess defense articles.

Sec. 593 is a new provision which prohibits the use of funds appropriated in the bill for the procurement of chemicals that can be used for chemical weapons production, unless the President determines that such chemicals are not intended to be used for that purpose.

Sec. 594 is a new provision which applies certain foreign service grievance procedures to discrimination cases.

Sec. 595 is a new provision which provides, under limited circumstances, a waiver of prior notification requirements.

Sec. 596 is a new provision regarding the cancellation of Egypt military assistance debt. This provision is discussed earlier in this report.

Sec. 597 is a new provision which requires a prior Presidential certification before providing security assistance for Kenya.

Sec. 598 is a new provision which permits the training of police in Antigua/Barbuda and Barbados.

Sec. 599 is a new provision which expresses the sense of the Senate regarding the potential for economic benefit of the enterprise for the Americas initiative.

Sec. 599A is a new provision which limits the countries which can receive grant excess defense articles to those which are recipients of FMF assistance subject to congressional notification. The section also removes the outdated dollar cap on the sale of excess defense equipment.

Sec. 599B is a new provision which allows the use of certain military assistance funds withheld from El Salvador for the promotion of administration of justice activities. The section also establishes a bipartisan commission to investigate the justice system in El Salvador.

Sec. 599C is a new provision which extends, through fiscal year 1992, the application of provisions contained in the Foreign Assistance Appropriations Act for Fiscal Year 1990 regarding the establishment of categories for purposes of refugee determinations and the adjustment of the status of certain parolees.

Sec. 599D is a new provision which requires that certain NATO and major non-NATO allies be offered property supplied under any U.S. military assistance program before that property is offered to any other country or entity not subject to U.S. jurisdiction.

Sec. 599E is a new provision which prohibits any funds in the act from being provided directly to Yugoslavia unless certain conditions are satisfied.

Title VI is a new title which provides authority for the Secretary of Agriculture, in conjunction with other Federal agencies, to support forestry and related natural resource activities outside the United States.

COMPLIANCE WITH PARAGRAPH 7, RULE XVI OF THE STANDING RULES OF THE SENATE

Rule XVI, paragraph 7 requires that every report on a general appropriation bill filed by the Committee must identify each recommended amendment which proposes an item of appropriation which is not made to carry out the provisions of an existing law, a treaty stipulation, or an act or resolution previously passed by the Senate during that session.

This report accompanies a bill which has its origin in the Senate and, therefore, the Committee does not believe that rule XVI, paragraph 7 applies in this case. However, if it did, several items provide funding which are either over Senate-passed authorization or lack authorization altogether. Those items are as follows:

International Development Association	$1,064,149,500
European Bank for Reconstruction and Development	56,820,600
International organizations and programs	284,730,000
The functional development assistance accounts of the Agency for International Development	1,313,683,000
Sub-Saharan development assistance	800,000,000
American schools and hospitals abroad	35,000,000
International disaster assistance	40,000,000
Operating expenses of the Agency for International Development	435,000,000
Operating expenses of the Agency for International Development, Office of the Inspector General	33,884,000
Economic support fund	3,080,000,000

Special assistance initiatives	420,000,000
African Development Foundation	13,000,000
Inter-American Foundation	25,000,000
Peace Corps	186,000,000
International narcotics control	150,000,000
Migration and refugee	485,648,000
Emergency refugee migration assistance	26,500,000
Antiterrorism assistance	12,026,000
International military assistance and training	47,196,000
Foreign Military Financing Program	4,692,268,056
Guaranty reserve fund	(350,000,000)
Peacekeeping operations	32,800,000
Trade and Development Program	35,000,000
Trade Credit Insurance Program	(400,000,000)

COMPLIANCE WITH PARAGRAPH 12, RULE XXVI OF THE STANDING RULES OF THE SENATE

Paragraph 12 of rule XXVI requires that Committee report on a bill or joint resolution repealing or amending any statute or part of any statute include "(a) the text of the statute or part thereof which is proposed to be repealed; and (b) a comparative print of that part of the bill or joint resolution making the amendment and of the statute or part thereof proposed to be amended, showing by stricken-through type and italics, parallel columns, or other appropriate typographical devices the omissions and insertions which would be made by the bill or joint resolution if enacted in the form recommended by the committee."

With respect to this bill, it is the opinion of the Committee that it is necessary to dispense with these requirements in order to expedite the business of the Senate.

BUDGETARY IMPACT OF BILL

PREPARED BY THE CONGRESSIONAL BUDGET OFFICE PURSUANT TO SEC. 308(a), PUBLIC LAW 93–344, AS AMENDED

[In millions of dollars]

	Budget authority		Outlays	
	Committee allocation	Amount of bill	Committee allocation	Amount of bill
Comparison of amounts in the bill with the Committee allocation to its subcommittees of amounts in the First Concurrent Resolution for 1991: Subcommittee on Foreign Operations, Export Financing, and Related Programs	15,370	15,370	13,607	13,560
Projections of outlays associated with budget authority recommended in the bill:				
1991				6,207
1992				3,173
1993				3,197
1994				1,844
1995 and future year				1,030
Financial assistance to State and local governments for 1991 in the bill				
	Direct loans		Loan guarantees	
Credit authority estimates, fiscal year 1991	1,225	790	7,265	7,325

[1] Includes outlays from prior-year budget authority.
[2] Excludes outlays from prior-year budget authority.

NOTE: The amounts shown above have been adjusted to conform with the scoring of the budget agreement.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1990 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1991

[Amounts in dollars]

Item	1990 appropriation	Budget estimate	House allowance	Committee recommendation	Senate committee recommendation compared with (+ or –)		
					1990 appropriation	Budget estimate	House allowance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
TITLE I - MULTILATERAL ECONOMIC ASSISTANCE							
FUNDS APPROPRIATED TO THE PRESIDENT							
International Financial Institutions							
World Bank Group							
Contribution to the International Bank for Reconstruction and Development:							
Paid-in capital	49,785,792	110,592,409	50,000,795	110,592,409	+60,806,617	---	+60,591,614
(Limitation on callable capital)	(1,609,671,408)	(2,899,610,241)	(1,619,692,365)	(2,899,610,241)	(+1,289,938,833)	---	(+1,279,917,876)
Total, contribution to the International Bank for Reconstruction and Development	(1,659,457,200)	(3,010,202,650)	(1,669,693,160)	(3,010,202,650)	(+1,350,745,450)	---	(+1,340,509,490)
Contribution to the International Development Association	960,850,500	1,064,149,500	1,064,149,500	1,064,149,500	+103,299,000	---	---
Contribution to the International Finance Corporation	74,606,500	40,330,972	40,330,972	40,330,972	-34,275,528	---	---
Total, contribution to the World Bank Group	(2,694,914,200)	(4,114,683,122)	(2,774,173,632)	(4,114,683,122)	(+1,419,768,922)	---	(+1,340,509,490)
Contribution to the Inter-American Development Bank:							
Fund for special operations	63,450,613	20,850,016	20,850,016	20,850,016	-42,600,597	---	---
Inter-regional paid-in capital	31,482,026	57,449,324	57,449,324	57,449,324	+25,967,298	---	---
(Limitation on callable capital)	---	(2,235,076,561)	(2,235,076,561)	(2,235,076,561)	(+2,235,076,561)	---	---
Inter-American Investment Corporation	---	25,500,000	13,000,000	---	---	-25,500,000	-13,000,000
Total, contribution to the Inter-American Development Bank	(94,932,639)	(2,338,875,901)	(2,326,375,901)	(2,313,375,901)	(+2,218,443,262)	(-25,500,000)	(-13,000,000)
Contribution to the Asian Development Bank:							
Development fund	174,972,914	301,809,050	243,900,000	271,382,000	+96,409,086	-30,427,050	+27,482,000
Contribution to the African Development Fund	104,548,500	105,451,500	105,451,500	105,451,500	+903,000	---	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1990 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1991—Continued

[Amounts in dollars]

Item	1990 appropriation	Budget estimate	House allowance	Committee recommendation	Senate committee recommendation compared with (+ or –)		
					1990 appropriation	Budget estimate	House allowance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Contribution to the African Development Bank:							
Paid-in capital	9,492,851	10,135,766	10,135,766	10,135,766	+642,915	---	---
(Limitation on callable capital)	(134,229,932)	(135,389,294)	(135,389,294)	(135,389,294)	(+1,159,362)	---	---
Total, contribution to the African Development Bank	(143,722,783)	(145,525,060)	(145,525,060)	(145,525,060)	(+1,802,277)	---	---
Contribution to the European Development Bank:							
Paid-in capital	---	70,020,600	70,020,600	56,821,000	+56,821,000	-13,199,600	-13,199,600
(Limitation on callable capital)	---	(163,381,400)	(163,381,400)	(163,381,400)	(+163,381,400)	---	---
Total, contribution to the European Development Bank	---	(233,402,000)	(233,402,000)	(220,202,400)	(+220,202,400)	(-13,199,600)	(-13,199,600)
IMF - Enhanced structural adjustment facility	139,398,000	10,602,000	10,602,000	10,602,000	-128,796,000	---	---
Total, contribution to International Financial Institutions	(3,352,489,036)	(7,250,348,633)	(5,839,430,093)	(7,181,221,983)	(+3,828,732,947)	(-69,126,650)	(+1,341,791,890)
Budget authority	1,608,587,696	1,816,891,137	1,685,890,473	1,747,764,487	+139,176,791	-69,126,650	+61,874,014
(Limitation on callable capital)	(1,743,901,340)	(5,433,457,496)	(4,153,539,620)	(5,433,457,496)	(+3,689,556,156)	---	(+1,279,917,876)
Department of State							
International organizations and programs	225,845,505	218,750,000	248,750,000	254,730,000	+28,884,495	+35,980,000	+5,980,000
International Fund for Agricultural Development	34,849,500	6,250,000	20,000,000	30,000,000	-4,849,500	+23,750,000	+10,000,000
Montreal Protocol Facilitation Funds	---	---	---	10,000,000	+10,000,000	+10,000,000	+10,000,000
Total, title I, contribution for Multilateral Economic Assistance	(3,613,184,041)	(7,475,348,633)	(6,108,180,093)	(7,475,951,983)	(+3,862,767,942)	(+603,350)	(+1,367,771,890)
Budget authority	1,869,282,701	2,041,891,137	1,954,640,473	2,042,494,487	+173,211,786	+603,350	+87,854,014
(Limitation on callable capital)	(1,743,901,340)	(5,433,457,496)	(4,153,539,620)	(5,433,457,496)	(+3,689,556,156)	---	(+1,279,917,876)

TITLE II - BILATERAL ECONOMIC ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

Agency for International Development

Agriculture, rural development, and nutrition, development assistance	481,635,025	424,520,000	481,635,000	481,635,000	-25	+57,115,000	---
Population, development assistance	216,170,904	193,191,000	250,000,000	250,000,000	+33,829,096	+56,809,000	---
Health, development assistance	134,995,874	115,465,000	135,000,000	135,000,000	+4,126	+19,535,000	---
International AIDS prevention and control program	41,239,240	38,200,000	52,000,000	52,000,000	+10,760,760	+13,800,000	---
Child Survival Fund	70,694,700	74,538,000	100,000,000	100,000,000	+29,305,300	+25,462,000	---
Education and human resources development, development assistance	131,988,894	134,201,000	134,201,000	134,201,000	+2,212,106	---	---
Private sector, environmental, and energy, development assistance	151,774,995	144,223,000	152,223,000	152,223,000	+448,005	+8,000,000	---
Science and technology, development assistance	8,624,753	8,662,000	8,624,000	8,624,000	-753	-38,000	---
Development policy reform program	---	75,000,000	---	---	---	-75,000,000	---
Private sector revolving fund:							
(By transfer)	(4,978,500)	---	---	---	(-4,978,500)	---	---
(Limitation on direct loans)	(3,484,950)	---	---	---	(-3,484,950)	---	---
(Limitation on guaranteed loans)	(45,916,725)	(125,000,000)	(12,500,000)	(62,500,000)	(+16,583,275)	(-62,500,000)	(+50,000,000)
Subtotal, development assistance	1,237,124,385	1,208,000,000	1,313,683,000	1,313,683,000	+76,558,615	+105,683,000	---
Reappropriation (deobligation/reobligation) authority	39,000,000	23,000,000	23,000,000	23,000,000	-16,000,000	---	---
Section 557	---	---	---	-70,500,000	-70,500,000	-70,500,000	-70,500,000
Sub-Saharan Africa, development assistance	571,823,500	560,500,000	800,000,000	800,000,000	+228,176,500	+239,500,000	---
Total, development assistance	1,847,947,885	1,791,500,000	2,136,683,000	2,066,183,000	+218,235,115	+274,683,000	-70,500,000
American schools and hospitals abroad	34,849,500	23,000,000	23,000,000	35,000,000	+150,500	+12,000,000	+12,000,000
Section 585	---	---	---	500,000	+500,000	+500,000	+500,000
International disaster assistance	29,892,500	40,000,000	40,000,000	40,000,000	+10,107,500	---	---
Payment to the Foreign Service Retirement and Disability Fund	40,147,000	40,341,000	40,341,000	40,341,000	+194,000	---	---
Operating expenses of the Agency for International Development	429,043,900	447,794,000	435,000,000	435,000,000	+5,956,100	-12,794,000	---
Operating expenses of the Agency for International Development Office of the Inspector General	30,452,700	33,884,000	31,384,000	33,884,000	+3,431,300	---	+2,500,000
Housing and other credit guaranty programs:							
(Limitation on guaranteed loans)	(499,570,000)	(100,000,000)	(150,000,000)	(150,000,000)	(-349,570,000)	(+50,000,000)	---
Guaranty reserve, indefinite borrowing authority	45,000,000	48,000,000	48,000,000	48,000,000	+3,000,000	---	---
Subtotal, Agency for International Development	2,457,333,485	2,424,519,000	2,754,408,000	2,698,908,000	+241,574,515	+274,389,000	-55,500,000
Economic support fund	3,946,218,500	3,544,000,000	3,460,000,000	3,080,000,000	-866,218,500	-464,000,000	-380,000,000
Reappropriation (deobligation/reobligation) authority (sec. 515)	18,000,000	14,000,000	14,000,000	---	-18,000,000	-14,000,000	-14,000,000
Rescission (sec. 589)	-50,000,000	---	---	---	+50,000,000	---	---
Reobligation of funds	---	---	---	---	---	---	---
Subtotal, Economic support fund	3,914,218,500	3,558,000,000	3,474,000,000	3,080,000,000	-834,218,500	-478,000,000	-394,000,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1990 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1991—Continued

[Amounts in dollars]

Item	1990 appropriation	Budget estimate	House allowance	Committee recommendation	Senate committee recommendation compared with (+ or −)		
					1990 appropriation	Budget estimate	House allowance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
International fund for Ireland	19,769,000	---	20,000,000	---	-19,769,000	---	-20,000,000
Special assistance initiatives:							
Philippines	159,312,000	200,000,000	160,000,000	160,000,000	+688,000	-40,000,000	---
Other - Eastern Europe	---	229,979,400	418,675,000	320,000,000	+320,000,000	+90,020,600	-98,675,000
Commission of foreign assistance management	---	---	---	500,000	+500,000	+500,000	+500,000
Subtotal, SAI	159,312,000	429,979,400	578,675,000	480,500,000	+321,188,000	+50,520,600	-98,175,000
Total, ESF/AIA/SAI	4,093,299,500	3,987,979,400	4,072,675,000	3,560,500,000	-532,799,500	-427,479,400	-512,175,000
Total, Agency for International Development	6,550,632,985	6,412,498,400	6,827,083,000	6,259,408,000	-291,224,985	-153,090,400	-567,675,000
Independent Agencies							
African Development Foundation							
Appropriations	8,846,300	11,500,000	13,000,000	13,000,000	+4,153,700	+1,500,000	---
Inter-American Foundation							
Appropriations	16,859,192	16,941,000	25,000,000	25,000,000	+8,140,808	+8,059,000	---
Overseas Private Investment Corporation							
(Limitation on direct loans)	(19,914,000)	(23,000,000)	(40,000,000)	(40,000,000)	(+20,086,000)	(+17,000,000)	---
(Limitation on guaranteed loans)	(211,537,500)	(185,000,000)	(250,000,000)	(250,000,000)	(+38,462,500)	(+65,000,000)	---
Total, Funds Appropriated to the President	6,576,338,477	6,440,939,400	6,865,083,000	6,297,408,000	-278,930,477	-143,531,400	-567,675,000
Peace Corps							
Appropriations	165,648,960	181,061,000	186,000,000	186,000,000	+20,351,040	+4,939,000	---

Department of State							
International narcotics control	113,040,500	150,000,000	150,000,000	150,000,000	+36,959,500	---	---
Migration and refugee assistance	443,409,000	450,648,000	485,648,000	485,648,000	+42,239,000	+35,000,000	---
United States Emergency Refugee and Migration Assistance Fund	74,785,000	25,000,000	35,000,000	26,500,000	-48,285,000	+1,500,000	-8,500,000
Anti-terrorism assistance	9,973,927	12,026,000	12,026,000	12,026,000	+2,052,073	---	---
Total, Department of State	641,208,427	637,674,000	682,674,000	674,174,000	+32,965,573	+36,500,000	-8,500,000
Total, title II, Bilateral economic assistance:							
New budget (obligational) authority	7,383,195,864	7,259,674,400	7,733,757,000	7,157,582,000	-225,613,864	-102,092,400	-576,175,000
(Limitation on direct loans)	(23,398,950)	(23,000,000)	(40,000,000)	(40,000,000)	(+16,601,050)	(+17,000,000)	---
(Limitation on guaranteed loans)	(757,024,225)	(410,000,000)	(412,500,000)	(462,500,000)	(-294,524,225)	(+52,500,000)	(+50,000,000)
TITLE III - MILITARY ASSISTANCE							
FUNDS APPROPRIATED TO THE PRESIDENT							
International Military Education and Training	47,196,180	50,500,000	47,196,000	47,196,000	-180	-3,304,000	---
Foreign Military Financing Program:							
Grants	4,258,347,256	4,988,900,000	4,202,000,000	4,664,347,256	+406,000,000	-324,552,744	+462,347,256
Concessional loans	406,000,000	---	405,000,000	---	-406,000,000	---	-405,000,000
Deob/Reob authority	---	---	---	45,000,000	+45,000,000	+45,000,000	+45,000,000
Military assistance administration	38,832,300	28,000,000	27,920,800	27,920,800	-10,911,500	-79,200	---
Subtotal, Foreign military financing program	4,703,179,556	5,016,900,000	4,634,920,800	4,737,268,056	+34,088,500	-279,631,944	+102,347,256
Counter Narcotics Program	124,462,500	---	---	---	-124,462,500	---	---
Total, Foreign military assistance	4,827,642,056	5,016,900,000	4,634,920,800	4,737,268,056	-90,374,000	-279,631,944	+102,347,256
Guarantee Reserve Fund	719,545,000	587,061,000	587,061,000	587,061,000	-132,484,000	---	---
Special Defense Acquisition Fund (limitation on obligations)	(278,796,000)	(325,000,000)	(278,796,000)	(350,000,000)	(+71,204,000)	(+25,000,000)	(+71,204,000)
Limitation	---	---	---	---	---	---	---
Peacekeeping operations	32,773,479	32,800,000	32,800,000	32,800,000	+26,521	---	---
Total, title III, Military assistance programs:							
New budget (obligational) authority	5,627,156,715	5,687,261,000	5,301,977,800	5,404,325,056	-222,831,659	-282,935,944	+102,347,256
(Limitation on obligations)	(278,796,000)	(325,000,000)	(278,796,000)	(350,000,000)	(+71,204,000)	(+25,000,000)	(+71,204,000)
TITLE IV - EXPORT ASSISTANCE							
EXPORT-IMPORT BANK OF THE UNITED STATES							
Limitation of Program Activity:							
New budget (obligational) authority	612,355,500	500,000,000	750,000,000	750,000,000	+137,644,500	+250,000,000	---
(Limitation on direct loans)	(612,355,500)	(500,000,000)	(750,000,000)	(750,000,000)	(+137,644,500)	(+250,000,000)	---
(Tied aid grants)	(109,527,000)	(114,000,000)	(150,000,000)	(150,000,000)	(+40,473,000)	(+36,000,000)	---
(Interest equalization program)	(19,914,000)	---	(8,000,000)	(25,000,000)	(+5,086,000)	(+25,000,000)	(+17,000,000)

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1990 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1991—Continued

[Amounts in dollars]

Item	1990 appropriation	Budget estimate	House allowance	Committee recommendation	Senate committee recommendation compared with (+ or –)		
					1990 appropriation	Budget estimate	House allowance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
(Limitation on medium-term financing program)	(215,000,000)	---	---	---	(-215,000,000)	---	---
(Limitation on guaranteed loans)	(10,191,407,800)	(10,599,064,000)	(10,599,064,000)	(10,599,064,000)	(+407,656,200)	---	---
(Limitation on administrative expenses)	(21,905,400)	(23,171,000)	(23,171,000)	(23,171,000)	(+1,265,600)	---	---
Total, Export-Import Bank of the United States:							
New budget (obligational) authority	612,355,500	500,000,000	750,000,000	750,000,000	+137,644,500	+250,000,000	---
(Limitation on use of corporate funds)	(11,150,195,700)	(11,236,235,000)	(11,522,235,000)	(11,522,235,000)	(+372,039,300)	(+286,000,000)	---
FUNDS APPROPRIATED TO THE PRESIDENT							
Trade and Development Program							
Trade and development	31,499,400	30,000,000	35,000,000	35,000,000	+3,500,600	+5,000,000	---
Agency for International Development							
Trade credit insurance program (limitation on program activity)	(398,280,000)	(400,000,000)	(400,000,000)	(400,000,000)	(+1,720,000)	---	---
Total, title IV, Export assistance:							
New budget (obligational) authority	643,854,900	530,000,000	785,000,000	785,000,000	+141,145,100	+255,000,000	---
(Limitation on direct loans)	(612,355,500)	(500,000,000)	(750,000,000)	(750,000,000)	(+137,644,500)	(+250,000,000)	---
(Limitation on guaranteed loans)	(10,515,934,800)	(10,713,064,000)	(10,749,064,000)	(10,749,064,000)	(+233,129,200)	(+36,000,000)	---
(Limitation on administrative expenses)	(21,905,400)	(23,171,000)	(23,171,000)	(23,171,000)	(+1,265,600)	---	---
(Limitation on program activity)	(398,280,000)	(400,000,000)	(400,000,000)	(400,000,000)	(+1,720,000)	---	---
TITLE V - GENERAL PROVISIONS							
General reduction of appropriations	---	---	-138,282,000	---	---	---	+138,282,000
Other procurement, defense agencies	---	---	---	---	---	---	---
Central fiscal operations	---	---	---	-852,000,000	-852,000,000	-852,000,000	-852,000,000
Economic support fund	---	---	---	---	---	---	---
Guarantee reserve fund	---	---	---	382,639,000	+382,639,000	+382,639,000	+382,639,000
Foreign military financing	---	---	---	---	---	---	---
Interest payments, foreign military assistance	---	---	---	569,000,000	+569,000,000	+569,000,000	+569,000,000
Polish debt restructuring	---	---	---	44,000,000	+44,000,000	+44,000,000	+44,000,000

Polish debt restructuring	---	---	---	---	---	---	---
Total, title V, General Provisions New budget (obligational) authority	---	---	-138,282,000	143,639,000	+143,639,000	+143,639,000	+281,921,000
Grand total, all titles:							
New budget (obligational) authority	15,523,490,180	15,518,826,537	15,637,093,273	15,533,040,543	+9,550,363	+14,214,006	-104,052,730
(Limitation on obligations)	(278,796,000)	(325,000,000)	(278,796,000)	(350,000,000)	(+71,204,000)	(+25,000,000)	(+71,204,000)
(Limitation on guaranteed loans)	(11,272,959,025)	(11,123,064,000)	(11,161,564,000)	(11,211,564,000)	(-61,395,025)	(+88,500,000)	(+50,000,000)
(Limitation on direct loans)	(635,754,450)	(523,000,000)	(790,000,000)	(790,000,000)	(+154,245,550)	(+267,000,000)	---
(Limitation on callable capital)	(1,743,901,340)	(5,433,457,496)	(4,153,539,620)	(5,433,457,496)	(+3,689,556,156)	---	(+1,279,917,876)
(Limitation on administrative expenses)	(21,905,400)	(23,171,000)	(23,171,000)	(23,171,000)	(+1,265,600)	---	---
(Limitation on program activity)	(398,280,000)	(400,000,000)	(400,000,000)	(400,000,000)	(+1,720,000)	---	---
RECAP							
Military Assistance Programs:							
Foreign Military Financing Program: Grants and concessional loans	4,664,347,256	4,988,900,000	4,607,000,000	4,664,347,256	---	-324,552,744	+57,347,256
Military Assistance	38,832,300	28,000,000	27,920,800	27,920,800	-10,911,500	-79,200	---
International Military Education and Training	47,196,180	50,500,000	47,196,000	47,196,000	-180	-3,304,000	---
Counter Narcotics Program	124,462,500	---	---	---	-124,462,500	---	---
Subtotal, military assistance programs	4,874,838,236	5,067,400,000	4,682,116,800	4,739,464,056	-135,374,180	-327,935,944	+57,347,256
Guaranty Reserve Fund	719,545,000	587,061,000	587,061,000	587,061,000	-132,484,000	---	---
Special Defense Acquisition Fund	(278,796,000)	(325,000,000)	(278,796,000)	(350,000,000)	(+71,204,000)	(+25,000,000)	(+71,204,000)
Peacekeeping operations	32,773,479	32,800,000	32,800,000	32,800,000	+26,521	---	---
Total, military assistance programs	5,627,156,715	5,687,261,000	5,301,977,800	5,404,325,056	-222,831,659	-282,935,944	+102,347,256
Economic Support Fund/SAI - NAI, E. Europe, Ireland	4,093,299,500	3,987,979,400	4,072,675,000	3,560,500,000	-532,799,500	-427,479,400	-512,175,000
Development Assistance:							
International organizations and programs	260,695,005	225,000,000	268,750,000	294,730,000	+34,034,995	+69,730,000	+25,980,000
Bilateral Development Assistance	3,289,896,364	3,271,695,000	3,661,082,000	3,597,082,000	+307,185,636	+325,387,000	-64,000,000
Subtotal, non-bank development assistance	3,550,591,369	3,496,695,000	3,929,832,000	3,891,812,000	+341,220,631	+395,117,000	-38,020,000
International Financial Institutions	1,608,587,696	1,816,891,137	1,685,890,473	1,747,764,487	+139,176,791	-69,126,650	+61,874,014
Total, development assistance	5,159,179,065	5,313,586,137	5,615,722,473	5,639,576,487	+480,397,422	+325,990,350	+23,854,014
Total, titles I, II & III	14,879,635,280	14,988,826,537	14,990,375,273	14,604,401,543	-275,233,737	-384,424,994	-385,973,730
Export assistance:							
Budget authority effect of Ex-Im limitations	612,355,500	500,000,000	750,000,000	750,000,000	+137,644,500	+250,000,000	---
Other	31,499,400	30,000,000	35,000,000	35,000,000	+3,500,600	+5,000,000	---
Total, export assistance	643,854,900	530,000,000	785,000,000	785,000,000	+141,145,100	+255,000,000	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1990 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1991—Continued

[Amounts in dollars]

Item	1990 appropriation	Budget estimate	House allowance	Committee recommendation	Senate committee recommendation compared with (+ or −)		
					1990 appropriation	Budget estimate	House allowance
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
General Provisions	---	---	-138,282,000	143,639,000	+143,639,000	+143,639,000	+281,921,000
Total, all titles	15,523,490,180	15,518,826,537	15,637,093,273	15,533,040,543	+9,550,363	+14,214,006	-104,052,730
TITLE I - MULTILATERAL ECONOMIC ASSISTANCE							
Contributions to International Financial Institutions.	1,608,587,696	1,816,891,137	1,685,890,473	1,747,764,487	+139,176,791	-69,126,650	+61,874,014
International organizations and programs	260,695,005	225,000,000	268,750,000	294,730,000	+34,034,995	+69,730,000	+25,980,000
Total, contribution for Multilateral Economic Assistance	1,869,282,701	2,041,891,137	1,954,640,473	2,042,494,487	+173,211,786	+603,350	+87,854,014
TITLE II - BILATERAL ECONOMIC ASSISTANCE							
Bilateral Development Assistance	3,289,896,364	3,271,695,000	3,661,082,000	3,597,082,000	+307,185,636	+325,387,000	-64,000,000
Economic Support Fund/Special Assistance Initiatives	4,093,299,500	3,987,979,400	4,072,675,000	3,560,500,000	-532,799,500	-427,479,400	-512,175,000
Total, Bilateral Economic Assistance	7,383,195,864	7,259,674,400	7,733,757,000	7,157,582,000	-225,613,864	-102,092,400	-576,175,000
TITLE III - MILITARY ASSISTANCE							
Military Assistance	38,832,300	28,000,000	27,920,800	27,920,800	-10,911,500	-79,200	---
Foreign Military Credit Sales	4,664,347,256	4,988,900,000	4,607,000,000	4,664,347,256	---	-324,552,744	+57,347,256
Other	923,977,159	670,361,000	667,057,000	712,057,000	-211,920,159	+41,696,000	+45,000,000
Total, Military Assistance Programs	5,627,156,715	5,687,261,000	5,301,977,800	5,404,325,056	-222,831,659	-282,935,944	+102,347,256

TITLE IV - EXPORT ASSISTANCE							
Budget authority effect of Ex-Im limitations	612,355,500	500,000,000	750,000,000	750,000,000	+137,644,500	+250,000,000	---
Other	31,499,400	30,000,000	35,000,000	35,000,000	+3,500,600	+5,000,000	---
Total, Export Assistance	643,854,900	530,000,000	785,000,000	785,000,000	+141,145,100	+255,000,000	---
TITLE V - GENERAL PROVISIONS							
General Provisions	---	---	-138,282,000	143,639,000	+143,639,000	+143,639,000	+281,921,000
Total, all titles	15,523,490,180	15,518,826,537	15,637,093,273	15,533,040,543	+9,550,363	+14,214,006	-104,052,730